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12 March 1985

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AUSTRALIA

ARTICLE VIEWS PROBLEMS WITH EEC BEEF DUMPING

Windsor THE LAND in English 10 Jan 85 p 5

[Article: "EEC Beef Faces 'All-Out Attack'"]

[Text] A blistering campaign will be mounted over the next month to warn the EEC against dumping its massive beef stockpile on Pacific Basin markets.

Led by Australia, the attack reflects mounting, strong concern in industry and government circles over the threat to the stability of the world cattle market posed by a possible extension of EEC restitution payments to Pacific Basin exports.

Fears that the EEC will move in on these traditional Australian markets gained further momentum this week with the likely limitation of EEC access to the Canadian market.

Canada has a "counter-cyclical" law similar to the US that limits beef imports once a certain quantity of beef comes into the country.

It has not been invoked before as the quantities of beef imported have not reached the trigger level.

But in the past year the EEC put more than 20,000 tonnes of subsidised beef into Canada and the trigger level was passed.

New access levels to the 66,500 tonne Canadian quota have been based on average shares of the Canadian market held by importers from 1979 to 1983.

For Australia that means 24,900 tonnes, compared with 10,000 tonnes in 1984, while for the EEC it means a dramatic drop to 2700 tonnes--about four percent of the market compared with the 38pc it snared between January and October last year.

An Australian Meat and Livestock Corporation spokesman said that if the quotas were introduced, Australia would have to ensure the agreed quantity was supplied or risk losing access.

He said the EEC was none to popular with Canadian cattlemen as the EEC had supplied subsidised beef below the Canadian price and "filled the market up."

Canadian cattlemen had been forced to increase exports to the US.

The campaign against the EEC in the coming year will include:

--Talks in Australia next week between the Prime Minister, Mr Hawke, and his Japanese counterpart, Mr Yasuhiro Nakasone, at which Mr Hawke is expected to seek assurances that Japan will not import subsidised European beef;

--A two-day visit to the European Commission's headquarters in Brussels by Mr Hawke, Primary Industry Minister Mr Kerin and National Farmers Federation senior vice president Mr Michael Shanahan and executive director Mr John Whitelaw;

--Attendance later this month by Cattle Council of Australia president Mr Maurice Binstead at a United States Cattlemen's Association meeting, during which the possibility of joint action against the EEC--perhaps also involving Canada and New Zealand--is likely to be canvassed.

As well, the EEC's Australian ambassador will attend the Cattle Council's half yearly meeting in Sydney on January 22 and 23, at which the anti-dumping message is expected to be rammed home.

The latest developments follow a trip to Europe by Cattle Council executive member, Mr Ian Steele Park, Merriwa, late last year.

Mr Steele Park said the mission had indicated it was important the Australian viewpoint be projected by producers, not just government representatives. He also drew attention to the need for Australia to correct the impression commonly held in the EEC that Australia did not have enough beef to supply its markets.

A further observation was that there was no real counterweight to the farm lobby in Europe. It appeared that efforts to cultivate consumer antagonism to the EEC's Common Agricultural Policy would be a waste of time.

CSO: 4200/535

AUSTRALIA

CANBERRA LIFTS RESTRICTIONS ON FOREIGN GOVERNMENT INVESTMENTS

Melbourne THE AGE in English 16 Jan 85 p 21

[Article by Ian Davis]

[Text]

The Federal Government's action yesterday in lifting restrictions on investments by foreign government agencies could increase liquidity in the fixed-interest market and strengthen the Australian dollar, according to brokers.

The acting Treasurer, Mr Hurford, announced yesterday that the Government had decided to remove most remaining restrictions on investment by foreign government agencies and foreign banks in fixed-interest securities in Australia.

They were among the few Government controls on foreign investment and exchange transactions retained when the Australian dollar was floated and restrictions on investment through exchange controls were removed in December 1983.

A spokesman for the Treasurer, Mr Keating, said yesterday the removal of the remaining restrictions announced by Mr Hurford "could result in significant amounts" of funds entering Australia.

Although some brokers were a little less bullish than the Government, Mr James Cogan, executive director for capital markets of Dominguez & Barry said he expected the new arrangements "should help strengthen the Australian dollar" by encouraging capital inflow at a time when the outlook for Australia's trade account is uncertain.

One broker noted the timing of the change, saying it should help increase liquidity in the capital market when that liquidity could be weak during the next three months because of the tax run-down and weakening economic outlook.

Mr Hurford said the decision to remove the restrictions on investments in Australian Government, semi-government and

private fixed-interest securities would take effect immediately.

Mr Hurford said the agencies which would no longer be restricted were foreign banks (except central banks) and Government agencies which made investments in a manner comparable with commercial operations.

Bodies responsible for the management of a country's foreign reserves will still be prevented from making investments in order to avoid countries "parking" reserves in the Australia dollar market, thus affecting the value of the Australian dollar for reasons not connected to the performance of the Australian economy.

The Australian Government received representations from brokers who had been approached by investment bodies keen to put some funds in Australian fixed-interest securities.

Among those known to be keen to invest in Australian interest-bearing securities are Japanese Government pension funds who have not been able to match recent moves by Japanese private sector funds into the Australian market.

Mr Cogan said the Middle East was also a potential source of funds for the newly opened market. This included Middle East pension funds and "future generation funds", investing petro-dollars for future use.

The spokesman for the Treasurer said it was expected there would be an initial burst of investment following the decision as institutions adjusted their portfolios to take account of their access to the Australian market.

Interest was then expected to ease to a steady flow, although the overall amounts could still be significant.

CSO: 4200/535

AUSTRALIA

OECD REPORT SHOWS DECLINE IN COMPETITIVENESS

Sydney THE AUSTRALIAN in English 14 Jan 85 p 1

[Article by Janine Perrett]

[Text]

AUSTRALIA'S dramatic decline in international competitiveness has been confirmed by the results of a major study by a Swiss-based economic group which shows that our position has slipped from 12th to 16th in the past year.

The report, by the influential EMF foundation in Geneva, also reveals the alarming results of a survey of executive business confidence in which Australia plunged from 17th to 21st place behind such countries as Turkey, India, Ireland and Malaysia.

The sixth edition of the detailed annual report surveys 22 of the OECD countries plus six developing countries, in a comprehensive bid to measure the competitiveness of individual nations.

The overall results on the "competitiveness scoreboard" show the United States as the most competitive nation, taking the position from the long-time leader, Japan, which is relegated to third place with Switzerland second.

Australia is ranked in 16th place compared with 12th in last year's survey.

This places us behind the United Kingdom and New Zealand and just ahead of Ireland.

Assessing the reasons for Australia's dismal performance, under the heading "Down yonder but not under", the report points out that New Zealand, Australia and Ireland have very similar levels of competitiveness.

But they do differ in their performance on individual factors. For example, Australia is "found wanting in the area of outward orientation" and "a greater openness towards the outside world is a matter of urgency for Australia".

The report also finds that "State interference" is excessive and we have a "lack-lustre performance in industrial efficacy".

Behind

It says that "in Australia, poorly ranked in the criteria of government regulation, the just re-elected Government of Mr Bob Hawke will be under strong pressure from the rank and file of his Labor Party to steer a more interventionist course".

While New Zealand has a serious problem with "dynamism of the economy, this has lately become a relatively strong point of Australia".

We also score markedly better in terms of "dynamics of the market" and "financial dynamism".

But the more disturbing results come in a business confidence survey which makes up a significant part of the report's findings.

More than 1100 business, government and trade union leaders and other economic opinion leaders participated in the survey on business confidence, which the EMF

says is at the "hub" of competitiveness.

Australia's slump from 17th place to 21st is even more disturbing when it is considered that we are behind developing countries such as Turkey, India, South Korea, and Malaysia.

Surprisingly, Denmark is rated first on the survey ahead of the US, Switzerland and Japan.

The 302 criteria of competitiveness used by the EMF and assembled from such renowned sources as the UN, OECD and IMF, are grouped under 10 principal factors for the purpose of the 200-page survey.

For example "dynamism of the economy" covers the macro-economic environment, "industrial efficacy" looks at labour costs, productivity and profitability, while "financial-

dynamism" covers availability of capital and financial strength of the corporate sector.

In the area of human resources it is noted that our "human-resource picture is marred by high current and predicted future unemployment as well as a lack of motivation and flexibility on the part of the labour force and management."

In one of its more astonishing findings in the section on "foreign debt dilemma", the report compares Australia with Argentina.

"Australia's gross foreign debt, at some \$US42 billion (\$A51.2 billion) in mid-1984, was no smaller than Argentina's and at \$US12.7 billion net was still sizeable if foreign reserves are taken into account," it says.

CSO: 4200/535

AUSTRALIA

5000 FARMERS PROTEST MILK PRICES IN MELBOURNE

Melbourne THE AGE in English 15 Jan 85 p 12

[Article by Diny Slamet and David Broadbent: "Farmers Bring Their Protest to the City"]

[Text]

Some 5000 dairy farmers and their families — and six cows — marched through the city in sweltering heat yesterday to protest against low milk prices.

The farmers ("don't call us rebels, we're just desperate") came by the busload from south Gippsland, central Victoria, the Western districts and the north-west of the State. They met in the Treasury Gardens before taking to the streets.

Many of the farmers had to start milking at 3 am to be able to make the trip.

Led by six jersey cows and a calf and marching behind a black and red "fighting cow" banner, the demonstrators, chanting "No money, no milk", made their way down Collins and Swanston streets and gathered in the Bourke Street Mall, before heading towards Spring Street and Parliament House.

At Parliament House, a group of demonstrators broke away from the main body of marchers and surged up the steps. They obeyed police requests not to proceed further, but stood for about five minutes, chanting and calling for the Premier, Mr Cain, who did not appear.

The marchers returned to the

Treasury Gardens for a rally and were addressed by several speakers, including the Opposition Leader, Mr Kennett, the president of the United Dairyfarmers of Victoria, Mr Bill Pyle, and two organisers, Mr John Stewart of Leongatha and Mr Bruce Beatson, of Welshpool.

Mr Beatson told the crowd that the organisers were "bloody exhausted" and hoped the UDV would now support the breakaway farmers.

"I call on every dairy farmer and the UDV to close ranks now. We desperately hope the UDV has seen the feelings of the farmers in the State and will run with the issue," he said.

If the farmers had been unionists, they would have put before the Government an ambit claim for a 40 cents rise in the price of milk per litre, he said. "Because we're honest, we put forward the true figure as eight cents. We must get Cain to understand that that eight cents is the barest minimum," Mr Beatson said.

The dairy farmers' warm welcome for Mr Kennett was a marked contrast to that received by the UDV president, Mr Pyle. During his five minute speech, he was constantly heckled by demonstrators.

He called for discipline among

members of the UDV, urging them to have more trust in the UDV central council.

"No organisation can survive if its members have no respect for the achievements of its staff and leadership. You can change it if you want, but every time you do, you make another politician less concerned about the plight of your families," Mr Pyle said.

"If we don't stay together, we will be decimated," he said.

A senior policeman yesterday praised the farmers for conducting a well-organised and well-behaved demonstration. He said relations between police and demonstrators had been friendly. "All protest marches ought to be conducted like this one," he said.

The Premier, Mr Cain, when asked to comment on the demonstration, said he was always ready to talk with the "properly established dairy farmer organisation" (UDV) but ruled out any suggestion of talks with dissident protest groups.

"If the UDV or its committee or president want to see the Minister or me, that will always be arranged, but we do not recognise the role or capacity of dissident groups," Mr Cain said.

CSO: 4200/535

AUSTRALIA

WHEAT BOARD OFFICIAL OPTIMISTIC ON WEAKER EXPORTS

Windsor THE LAND in English 10 Jan 85 p 3

[Article by Phillip Bate]

[Text] Despite gaps in its shipping program, the Australian Wheat Board remains confident it will sell the full Australian export capacity of more than 15 million tonnes of wheat for 1985.

Australian wheatgrowers already have delivered more than 16 million tonnes of wheat this season, 95pc of the 17.1 million tonnes of grain expected from around Australia.

As well farmers are expected to hold 900,000 tonnes back on farm putting the total Australian crop at 18 million tonnes.

This places the 1984 crop close to the 1979-80 harvest of 18.1 million tonnes, the second biggest on record.

Australian Wheat Board general manager Mr Donald Sandow confirmed this week that the wheat selling program was not as "conspicuously robust" as the board would like.

"There have been a number of significant changes in the world market during the past 12 months which have prevented orders coming in as early as in past years.

"These include the big harvests in the EEC, US and China, as well as severe cut price selling by Argentina, Australia's main southern hemisphere competitor.

"Argentina has been making sales at up to \$40 a tonne below the price of equivalent Australian wheat (ASW)," he said.

Mr Sandow said with the increased world grain supplies many buyers were making smaller spot purchases rather than signing long term agreements.

Mr Sandow cited China as a typical example.

"China has been rapidly increasing its production culminating in a 400 million tonnes grain harvest last year.

"Consequently, the Chinese are no longer signing long term contracts with any of the world's wheat exporters.

"But although China has no early requirements for buying, I believe logistics will make China a customer later for Australian wheat," he said.

CSO: 4200/535

AUSTRALIA

FURTHER REPORTAGE ON 1984 CARRYOVER WHEAT EXPORT DIFFICULTIES

Wheat Industry 'Erupts'

Windsor THE LAND in English 17 Jan 85 p 3

[Article by Don Jones]

[Text]

Mounting concern over the cost of the 1984 wheat carryover erupted this week culminating in a call for the resignation of the NSW Grain Handling Authority managing director, Mr Geoff Dobbin.

Wheat industry leaders also called on the NSW Government to accept responsibility for the failure of the GHA to reduce the carryover.

The inability of the GHA to ship at least two million tonnes of the 3.2 million tonne carryover has been estimated to cost wheatgrowers as much as \$100 million.

Market prices have fallen in the past six months cutting \$20 a tonne off farmers' returns. As well, holding costs including interest have been put at \$25 a tonne lifting the total to \$45 a tonne.

Chairman of the LGPA wheat committee, Mr Cliff Rees, said the GHA could have shipped one million tonnes out through Geelong in Victoria last year and refused a similar offer to ship one million tonnes through South Australia.

Australian Wheat Board member, Mr Milton Taylor believed up to two million tonnes of NSW grain could have

been shipped out through Victoria alone.

The call for Mr Dobbin's resignation this week came from deputy leader of the NSW National Party, Mr Ian Armstrong.

He said that the GHA should have got the wheat out through Newcastle and Sydney in late autumn last year instead of being involved in industrial action at the time.

Then there were two overseas orders that could have taken more wheat, he said.

Mr Armstrong said: "The third shift was due to start in August but didn't get going until late September. They had to get 70 odd staff but it should not have been hard

to get these with so many unemployed."

"The industrial action at Newcastle and Sydney has been totally unacceptable."

"It may be an inherited problem for the NSW Grain Elevators Board, but the GHA under the present managing director has had more than ample time to rectify the problems at Newcastle and Sydney.

"The responsibility is quite clear. It lies with Agriculture Minister, Mr Hallam who in turn delegates the responsibility to the GHA chairman.

AWB member, Mr Taylor, Henty, said the State Labor Government had taken over the NSW

Grain Handling Authority and they had to accept the responsibility for the situation.

"If it was right five years ago for the Government to lay the blame at the feet of the former Grain Elevators Board then it is equally right to lay the blame at the feet of the existing GHA and the State Government."

He maintained that despite protests to the contrary the GHA was under the direction of Agriculture Minister, Mr Hallam.

"The NSW State Government has a definite responsibility to ensure the problem of the Hunter Valley train drivers is dealt with quickly.

"Now that three shifts have been introduced at the terminals, it is even more essential that the State Rail Authority maintains a flow of grain sufficient to warrant the working of three shifts."

Mr Taylor congratulated the GHA on getting a second and then a third shift working at the export terminals. But said this was to no avail without the SRA railing in sufficient grain.

Mr Taylor doubted that the resignation of Mr Dobbin would solve the problem. It was bigger than one man's performance.

The LGPA wheat committee chairman, Mr Cliff Rees said, "If the terminal operators, the train drivers and others won't handle our grain then we have to look at taking it interstate."

"It's about time the union blokes woke up that the world is passing them by. If the strikes continue, NSW will not be a decent place to live for anyone."

"Overseas customers are calling for wheat from Australia but they don't want it out of NSW ports."

"The wheat industry is being penalised to the point that it won't be a profitable industry."

Mr Rees said LGPA would not be satisfied with a 1.2 million tonnes carry-over. If sales were available, the carryover should be back to bedrock of about 500,000 tonnes. If a harvest was visible in the fields in September, the grain silos should be emptied before the new crop came in, he said.

AWF Wants 'All Facts'

Windsor THE LAND in English 17 Jan 85 p 3

[Text]

The Australian Wheatgrowers Federation won't be snapping its ankles to accept any plans by the NSW Grain Handling Authority and the Australian Wheat Board to shift part of NSW's wheat mountain to interstate ports for export.

Federation president, Mr Trevor Flugge, said national wheat leaders would want to know exactly how much wheat could be shipped across the border and at what cost before they could consider the proposal.

The AWF was represented by its executive director, Mr Ian Wearing, at a meeting in Sydney yesterday called by the GHA to discuss moving large amounts of NSW export wheat through Victorian, and possibly South Australian, seabord terminals.

The GHA has proposed that the extra cost of shipping grain interstate should be shared equally between itself and the Wheat Board.

Mr Wearing said this week he hoped at least one million tonnes and possibly as much as two million tonnes of NSW wheat could be shipped through interstate ports between now and September.

He said the cost of railling wheat from the Parkes sub-terminal to the South Australian port of Walleroo would only be a few dollars more than transporting the same grain to Sydney.

Blame Farmer Groups

Windsor THE LAND in English 17 Jan 85 p 3

[Text] The NSW Grain Handling Authority managing director, Mr Geoff Dobbin stressed that the Authority has directed most of its efforts at speeding up grain exports from NSW.

But he indicated that the Authority's efforts, since it was created in 1981, had been delayed by the NSW Livestock and Grain Producers Association and the Australian Wheatgrowers Federation.

He said the Carmichael Inquiry into grain handling in NSW had indicated that if export performance was to be improved, a new export terminal storage was urgently required.

Without it, NSW export capacity was limited to 6.5 million tonnes no matter how many hours were worked.

Mr Dobbin said this meant that following the record 1983-84 deliveries of eight million tonnes, a carryover of at least two million tonnes was inevitable this year.

The GHA management had recommended a third terminal be built in late 1981 and this was accepted by the board early in January 1982.

But the wheat industry through the LGPA and the AWF said this was not proven.

The LGPA recommended that nothing be done for five years saying more consideration should be given to exporting through Victoria.

Mr Dobbin said the GHA commissioned study through Coopers and Lybrand showed that exporting through Victoria was the most expensive alternative.

Mr Dobbin said exports from NSW last year reached 4.1 million tonnes. This was an increase of the previous best of 3.5 million tonnes in 1979-80.

He said the GHA had gained union agreement to work two shifts at Sydney and Newcastle terminal early last year and had been exporting at the rate of five million tonnes a year.

With the introduction of a third shift late last year, he believed the GHA should be able to sustain exports of 5.8 million tonnes during 1985.

This should reduce the harvest to about 1.2 million tonnes by next November, he said.

CSO: 4200/535

AUSTRALIA

POOR BALANCE OF TRADE SHOWS SIGNS OF PICKING UP

Sydney THE AUSTRALIAN in English 15 Jan 85 p 2

[Article by Robert Bowden]

[Text]

AUSTRALIA'S poor trade performance, which has stalled the decline in the value of our dollar, showed welcome signs of a pick-up yesterday.

Balance of payments figures for December issued by the Bureau of Statistics showed a significant reduction in the current account deficit, as a result of a much improved trading performance.

The current account deficit, which is the outcome of trade and invisible transactions, fell from \$787 million in November to \$517 million in December.

The continuing outflow of foreign reserves resulting from Australia's depressed trade performance was one of the major factors behind the slide in the value of the Australian dollar in recent weeks.

The lower current account deficit was helped by a turnaround in the trade account from deficit to surplus.

The balance of trade, the difference between exports and imports, turned from a \$31 million deficit in November to a \$138 million surplus in December.

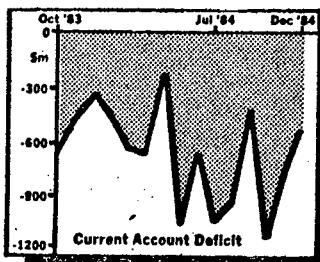
Although exports and imports fell significantly in the month, exports suffered the least.

There was also a slight easing in the deficit on the invisibles account which accounts for transactions in the areas of freight, insurance, tourism and, the largest of all, repayments of government debt.

The deficit on invisibles was down from \$756 million in November to \$655 million in December.

Exports in December were down 21 per cent to \$1960 million, with rural shipments down 30 per cent and other non-rural exports 16 per cent lower.

The biggest decline was in exports of cereals and sugar which were about 50 per cent



below November levels. When seasonally adjusted, exports were down 13 per cent.

Imports fell 28 per cent to \$1788 million, with the largest fall of 65 per cent in petroleum.

The concern that has prompted many to sell their holdings of Australian dollars is reflected in the size of the current account deficit, standing at \$4820 million in the six months to December, up from \$3428 million in the same period of last year.

The Budget forecast a current account deficit of \$8 billion for 1984-85, although it is running closer to an annual rate of \$10 billion in the first half of the year.

The sharp fall in the value of the dollar from almost 92c a year ago to the present level of about 81c should in time improve Australia's export competitiveness by making exports cheaper on international markets.

But this will occur at the expense of higher-priced imports, which will add to inflationary pressure.

Despite the high real interest rates offered in Australia, there was little sign of any speculative inflow of capital from abroad.

Private capital inflow at \$332 million was only half the November level.

There was also virtually no government borrowings, in contrast to the \$345 million inflow last month.

CSO: 4200/535

AUSTRALIA

INDEX CONFIRMS RECOVERY, SHOWS SLOWER GROWTH

Sydney THE AUSTRALIAN in English 15 Jan 85 p 1

[Article by Robert Bowden]

[Text]

A NEW index of leading economic indicators has confirmed that Australia's economic recovery is set to continue this year, although the rate of growth will slacken.

The survey, compiled by the Melbourne University Institute of Applied Economic and Social Research (IAESR) and the Australian Chamber of Commerce (ACC), dispels the belief that the economy has stalled and reports strong signs of growth since the middle of last year.

After faltering slightly in September, the index picked up in October.

The Acting Treasurer, Mr Hurford, said yesterday that the 1.5 per cent leading indicator rise was yet another in the series of solid signs of the continuing vitality of Australia's economic recovery.

"It follows the encouraging private business investment intentions and employment growth statistics published last week."

Mr Hurford said the figures almost certainly maintained Australia in the forefront of world economic recovery.

The index of leading economic indicators is the only survey in Australia which considers the broad range of factors affecting future business cycles.

Unlike other economic statistics, which review present or past performance, the new index is based on measurements of future activity.

Because most indicators look at the present or the past they are almost always out of date with the latest trends.

The new index provides a kind of economic crystal ball by considering changes in several leading indicators, including factory overtime, demand for new telephone services, value of non-residential building approvals, changes in prices of manufacturing inputs, share price movements, company profits and overdraft limits outstanding.

This allows the survey to forecast reliably up to a year ahead, with somewhat less accuracy between 18 months and two years.

The survey group have worked backwards to produce leading, current and lagging indicators of the economy from January 1982.

Most of the available information on the economy is in the form of lagging indicators which provide results after the actual event.

As a guide to the reliability of the latest index, the trough of the most recent business cycle in May 1983 was forecast nine months earlier in August 1982, but was not identified by the usual lagging indicators

until 11 months later in April last year.

The two graphs accompanying illustrate the progress of the leading index and the coincident, or current index.

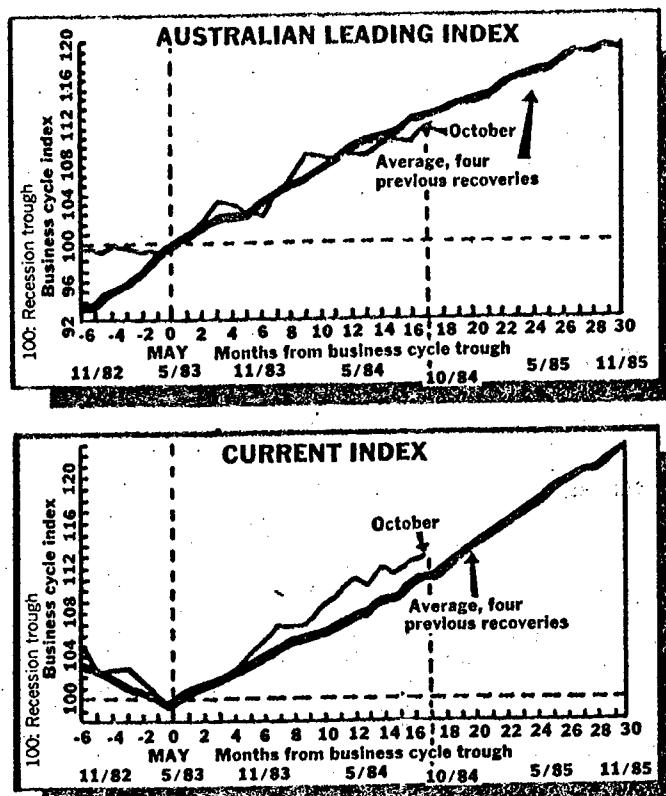
Each plots the course of the economy in Australia's previous four recoveries. This in effect provides an historical guide as to how the economy is progressing in its emergence from the recession. The index on the vertical scale plots the extent of the recovery, with the peak of the recession in May 1983 representing zero.

The leading index shows that in terms of these future indicators, the economy has experienced some hiccups but is almost matching the four previous classic business cycle recoveries.

More importantly, the current index shows that actual economic performance has been significantly above what was experienced in four earlier recessions.

The latest figures for October show the economy is set to continue growing, although possibly at a more moderate rate.

A distinct slowdown in the pace of the recovery between February and June last year was identified in the leading index, and this was supported by the actual results in the coincident index.



However, since June last year the leading index has advanced from 111.4 to 112.8 in September and 114.5 in October.

The coincident index has also shown an improvement, rising from 104.7 in August to 105.6 in September and to 106.4 in October.

Dr Ern Boehm of the IAESR and Mr Brent Davis of the ACC said yesterday that the index showed the recovery had proceeded more strongly than average since September 1983, and for this reason Australia's growth rate prospects for 1985 remained sound.

Dr Boehm and Mr Davis warned that the rate of growth for the rest of 1985 would probably be at a more moderate rate than experienced in the past.

The evidence from the survey tends to confirm the optimistic predictions for the economy issued by the Prime Minister, Mr Hawke, and the Treasurer, Mr Keating.

The index also provides a useful guide as to how the previous major economic recoveries in Australia have progressed.

The methods used in the ACC-IAESR index are based on those developed by the Centre for International Business Cycle Research at Columbia University in New York.

The survey also confirms Mr Keating's claim that Australia is one of the fastest-growing industrial countries.

The Columbia Centre says Australia's leading index has been growing about the same rate as Japan's, where the index increased at an annual

rate of 8 per cent in August.

In the United States, where the expansion has been slowing, and in Europe, the leading indices have been rising between 3 and 5 per cent.

The exception has been the United Kingdom, where the recovery appears to have stalled, as reflected in a 1 per cent fall in the index in August.

The centre also says a major factor in the health of the Australian economy is the overseas economic performance.

A study has shown that the business cycles, particularly in the US and Japan, have generally tended to lead Australia in both the peaks and the troughs.

The report says the leading role is clearest in the case of the US, and it appears that role increased between 1960 and 1983.

AUSTRALIA

DAILY ANALYZES ROLE OF NUCLEAR DISARMAMENT PARTY

Sydney THE AUSTRALIAN in English 14 Jan 85 p 2

[Article by David O'Reilly: "Defining the Role of a One-issue Party"]

[Text]

THE newly emerged Nuclear Disarmament Party is to convene a July national conference in Melbourne to help work out what its precise role is to be in the nation's parliamentary process.

NDP strategists have decided that Ms Jo Vallentine, the party's first parliamentarian, will be abstaining from Senate votes which do not directly involve debates related to the nuclear issue.

But the Melbourne conference will aim to draft a range of policy documents on matters which party leaders regard as linked with the arms-race issue.

It has already been decided that the party needs major policy documents on issues such as unemployment, foreign affairs and defence, but the conference is faced with the enormous task of defining what other national issues are affected by the nuclear question.

The conference will also aim to set a timetable for the central campaign of Ms Vallentine's first term in the Senate — mobilising public support behind calls for the Prime Minister, Mr Hawke, to cancel the lease for Pine Gap when it comes up for renewal with the United States administration in 1986.

The need for the July think-tank illustrates the problems faced by a one-issue party that wins representation under a parliamentary system designed to handle diverse social issues.

The NDP won over 500,000 primary votes in the December 1 Senate poll, but Ms Vallentine's victory in Western Australia surprised observers, who felt more prominent party activists such as Mr Peter Garrett in NSW and Ms Jean Melzer in Victoria had more chance of success.

In an effort to destabilise the ground-swell of support for the NDP in the closing stages of the election campaign, Mr Hawke and senior ministers aggressively questioned why Senate seats carrying salaries of \$80,000 should go to individuals with admitted interest in only one issue.

Unless NDP strategists handle carefully the first months of the new parliamentary year, the party's pretension to parliamentary representation could become discredited.

If Ms Vallentine is perceived as becoming boring or repetitive or fails to participate widely in debate, her critics in the Government and among the Australian Democrats, who suffered badly because of the high NDP primary vote,

could depict her presence as a wasted Senate seat.

If the July conference comes up with a sufficiently broad rationale for Ms Vallentine to be involved in debate on many issues, that criticism will be blunted.

In Canberra yesterday the NDP convener, Dr Michael Denborough, denied that concentration on the one issue meant Ms Vallentine would be ignoring the bulk of the work before the Senate.

"There are a whole range of issues that are related to the disarmament question," Dr Denborough said.

"For example, the US economy is going to come into real difficulties next year because of the massive expenditure being outlaid on defence.

"Because our economy is so closely linked to that of the US, that expenditure is leading directly to youth unemployment here.

"We'll be drafting a policy on unemployment and, obviously, policies on defence and foreign affairs, too."

The NDP faces a number of other major problems before Ms Vallentine takes her senate seat in July. Apart from organisational problems to be overcome, the NDP cannot afford to be painted as merely a rallying point for left-wingers disenchanted with the Labor Government. It cannot afford to be dragged too far to the left on issues that some left-wingers may argue are related to the nuclear question, lest it disenchant its supporters in middle Australia.

Australia's leading electoral analyst, Mr Malcolm Mackerras, believes that the NDP could win another senate seat at the 1987 election.

Mr Mackerras said yesterday it was only pure luck that saved the Democrat Senator Colin Mason in NSW at the expense of the NDP's rock-singing celebrity, Mr Peter Garrett.

Under the complicated senate voting system, Mr Mackerras said, if the primary vote of the 1984 poll were transposed to six senate seats in each State, as will apply in 1987, Mr Garrett would win.

CSO: 4200/535

AUSTRALIA

ARTICLE VIEWS WIDER IMPLICATIONS OF NOUMEA SITUATION

Perth THE WEST AUSTRALIAN in English 16 Jan 85 p 9

[Article by Claire Young: "Road Blocks Affect Nuclear Diplomacy"]

[Text]

SINCE the shooting of the black militant leader, Mr Eloi Machoro, last weekend, New Caledonia has leapt closer to the violence and the kind of political polarisation that Australia has always feared in the Pacific, despite the compromise form of independence offered by the French.

The French settlers, known as *les caldoches*, might be happy with independence under a treaty of association with France, but the Kanak Socialist National Liberation Front, in which the Mr Machoro had a prominent role, wants full independence and large-scale land redistribution.

The police shot Mr Machoro - the most active agitator for independence for the indigenous Kanaks - and an aide on Saturday at a country house where the two men were sheltering with 35 armed supporters.

In the Kanaks' eyes, the proposed referendum in July, which only allows a choice between the status quo and independence in association with France, is unacceptable. They also want voting rights restricted to those with at least one parent born in New Caledonia.

Requirement

The three-year residency requirement proposed by the French would allow the large population of French administrators and mining officials to vote, as well as French, Indonesian and Vietnamese settlers.

The issue is vital to the Kanaks, who make up 42 per cent of the population, and is a bargaining point for them in their negotiations with the French.

The French Government wants a referendum to free it from the political and administrative headaches of being an unwelcome colonial power and needs Kanak participation to give it international credence.

The referendum question has been designed to protect French settlers and French political interests in the Pacific while appeasing the Kanaks. It also appears to be an attempt by France to keep the initiative.

Not giving the *caldoches* a chance to vote for independence in association with France instead of full independence could have provoked them into taking over the islands prematurely.

It is for this reason that the Kanaks are likely to vote no if they take part in the referendum - they prefer to negotiate for full independence directly with France, rather than let the settlers gain control of a semi-autonomous State.

The Kanaks see the French Government as being willing to make concessions in return for safeguards of the settlers' rights. The settlers are also anxious about their rights, but would rather barter with violence and repression than political concessions.

Australian officials are keeping in touch with both sides, but would probably rather deal with the French and Kanaks than a right-wing *caldoche* government.

This is partly because Australia and the South Pacific Forum favour full independence in principle, but it also reflects Australian fears of the influence of a right-wing, pro-France State in the Pacific.

Already the leader of the New Caledonian Territorial Assembly has had talks with other French-Polynesian territory leaders and has proposed a political, economic and social organisation to "represent the views of the free world" - and, no doubt, the case for continued French nuclear testing in the region.

It is not clear whether independence in association with France will make New Caledonia eligible to join the

South Pacific Forum, but, in it or not, a new neo-Gaullist State and its territorial friends could detract from the South Pacific call for a nuclear-free zone.

Peaceful transfer of power with adequate provisions for Kanak rights is also important for the general stability of the region.

Unfortunately, it is still possible that the French settlers will try to seize power out of frustration over the "concessions" made by the French special envoy before independence, or because of possible political differences with the socialist government in France after independence.

The French Government has the manpower to deal with violence from either side, but might be reluctant to use it while negotiations are under way. It could, therefore, be taken by surprise.

On the basis of the neo-Gaullist control of the assembly, the conservatives have already threatened to take internal security into their own hands if the French do not restore law and order by breaking up the Kanak road blocks.

If the *caldoches* do take over, nearby Vanuatu is likely to get involved in any long-

running Kanak resistance campaign, and the ill-feeling between New Caledonia and Vanuatu will have costly implications for Australia.

In a region that depends heavily on aid, some sort of consensus on where that aid will come from is necessary to avoid importing foreign disputes into the region. In general, the South Pacific receives aid from Western countries, and has not taken up Soviet offers to provide port facilities and fishing fleets.

In the event of a dispute between Vanuatu and New Caledonia, Australia and New Zealand will have to put up some of the money for increased surveillance and sea patrols to keep Vanuatu from seeking aid farther afield.

Chance

With their present very exclusive nationalist policies, the Kanaks are unlikely to seize power from the *caldoches* in a struggle, but they might have a chance if they can enlist the sympathy of the other minorities on the island.

However, the prospect of an independent Kanak State won by violence pleases no one, because of the likelihood of it producing an extreme,

perhaps anti-Western government.

The present slight links with Libya are disturbing in this regard, since the Kanaks will probably continue to receive aid and training from Libya at least as long as the French remain in Chad.

A Libyan-influenced State can eventually upset the progress of the nuclear-free zone proposal in the Pacific by insisting that it include a ban on the transit of nuclear-armed or powered vessels, which America can never accept.

These sort of problems are a long way down the road, but in the meantime it is ironic that Australia is now depending on France, which it has criticised so often for its nuclear test blasts in the Pacific, to safeguard its interests there.

The French Government is aware of the advantages of a local State to argue its case in the Pacific and has to offer association with France to quieten right-wing critics at home and in New Caledonia.

Nevertheless, France is seeking to avoid a right-wing backlash in New Caledonia while still negotiating independence, just as Australia would ask.

CSO: 4200/535

CAMBODIA

FURTHER REPORT ON KPNLF LOSS OF SOKH SAN

Bangkok MATICHON in Thai 16 Dec 84 pp 1, 16

[Text] Naval Captain Jaturong Phankhongchuen, deputy chief of staff of the Chanthaburi-Trat Border Defense Command, said that on 13 December, at 1300 hours, 400 Vietnamese troops, who were engaged in an operation to wipe out Mr Sonn San's Kampuchean People's National Liberation Front guerrillas at Kokh San village, violated Thailand's sovereignty by intruding four kilometers into Thai territory at Taan Si Tone (Four Palm Tree) village in Bor Rai District, Trat Province. The Chanthaburi-Trat Border Defense Command ordered the marines covering the area to immediately retaliate and push back the said Vietnamese troops by using artillery and air support for the operation, which went on continuously both day and night, until the marines were able to completely repulse the Vietnamese forces from the area at 1500 hours on the 14th of this month. The total time used in the retaliation and repulsion was 14 hours.

Captain Jaturong said this was the first time the Vietnamese had intruded deepest into Thai territory--four kilometers.

The deputy chief of staff of the Chanthaburi-Trat Border Defense Command added that the Vietnamese launched an attack to wipe out Sonn San's KPNLF guerrillas at Sokh San village, opposite Na Choom Phon village in Bor Rai District, Trat Province, at 0500 hours on 11 December, using a division of ground troops supported by heavy machine guns and artillery, and the attack continued until 1700 hours of the same day, when the Sonn San forces abandoned their stronghold and retreated into Thai territory at the Na Choom Phon village border area in Bor Rai District, together with about 10,000 Cambodians including children, the elderly, and Buddhist monks. These people fled the Vietnamese wiping-out attack to the areas of Phoon Haeng Nok Canal, six kilometers inside Thailand.

As for the Sonn San forces who intruded into Thailand, the Thai marines belonging to the Chanthaburi-Trat Border Defense Command pushed them back into Cambodia the same day. And on 15 December, they will push the fleeing Cambodian people out of the Thai territory as well.

12282
CSO: 4207/97

CAMBODIA

WORKERS MOVING TO BORDER

Bangkok THE NATION REVIEW in English 11 Jan 85 p 5

[Text]

WASHINGTON — Kampuchea's Vietnamese-backed government is clearing foliage and digging ditches in areas bordering Thailand in moves apparently connected with its drive against Khmer resistance guerrillas, western diplomatic sources said Thursday.

They said thousands of workers were being moved to the border areas but the purpose of their activity was unclear.

The sources said the work added a fresh element to the different approach the largely Vietnamese forces have taken in their current dry season offensive against guerrilla bases along the border.

The most likely explanation was the construction of a blocking network nearer the bases to prevent guerrilla infiltration into the interior during the summer wet season.

But the sources said the work also encouraged speculation that all-weather roads into the border area were planned to give the Vietnamese mobility there during the wet season, when in the past they have largely pulled back.

Such roads would alter considerably the military picture in the area, the sources said.

Since guerrilla resistance started after the Vietnamese toppled the communist Khmer Rouge regime six years ago, Hanoi has struck at the border bases every dry season.

**'VN TO REMAIN
AT BORDER'**

But with the beginning of the rains, they have pulled back most of their troops, allowing Khmer Rouge and the non-communist guerrillas of the Khmer National People's Liberation Front (KPNLF) easier infiltration into the interior.

The current dry season offensive, however, came earlier than usual and the Vietnamese-led forces hit harder than ever before, overrunning and destroying all the main KPNLF bases, including its headquarters at Ampil, which fell this week.

The sources, who asked not to be identified, said all the signs pointed to a longer Vietnamese stay on the border this year, although it was too early to say whether they would remain there in substantial numbers into the wet season.

All-weather roads would allow them to do that and severely disrupt KPNLF operations, they added.

The sources said the Phnom Penh administration started moving the workers west in early November, around the time the dry season offensive was launched.

Quoting Kampucheans who travelled to the Thai border from

a majority of the country's 19 provinces, the sources said the workers were being recruited under some kind of quota system.

"A very large levy is being imposed throughout most of the country, as far as we can tell," one source said.

The sources said it was not possible to state accurately how many workers had been sent to take part in the clearing and digging they said was going on along a lengthy section of the flat countryside that marks the approach to the central section of the Thai-Kampuchean border.

"There are thousands at work and maybe substantially more," one source said. — Reuter

CSO: 4200/498

LAOS

ARTICLE FLAYS U.S. ON HUMAN RIGHTS, FOREIGN POLICY

Vientiane PASASON in Lao 27 Dec 84 p 3

[Article by Udom: "Human Rights"]

[Text] On the International Human Rights Day announced by the United Nations at the beginning of this month, the mass communications of the imperialists and the various capitalist countries, especially the Voice of America, spread the vicious slander about the socialist countries and the countries which are not following the capitalist path that they are violating human rights in many different ways. The countries which were the targets of these verbal attacks by the imperialists were the Soviet Union, the countries of Indo-China, and other socialist countries. But who is actually violating and destroying the basic rights of the human masses throughout the world now? Who is behind racism and genocide? When one looks at the real situation, it is in contrast to the allegations at the beginning; the progressive, peace-loving forces in the world see clearly that now basic human rights are being more seriously violated than ever before because of the arms race of the imperialists. And it is the chief imperialists who are driving [the race] on and pushing human rights toward the chasm of nuclear disaster. This was demonstrated very clearly when nuclear missiles of the United States of America were stationed in the western European countries which were members of NATO. Moreover the American imperialists have rushed to increase their military budget as never before so that in the budget for 1984 the military budget of the Pentagon increased by almost 300 billion dollars. This [increase] was for increased production of nuclear weapons and various other weapons of mass destruction such as chemical and biological weapons so that now the U.S. has the largest stockpile of chemical weapons in the world. In addition they have a secret and very dangerous plan to end human freedom and national independence and make terrorism their official policy in order to suppress the right of national sovereignty and the peace-loving countries. The American imperialists savagely overran and destroyed the country of Grenada, waged an undeclared war against Afghanistan, and consider Cuba, Angola, Mozambique and others to be targets for destruction. They create confusion to disrupt domestic solidarity and obstruct the strong forces for progress in the developing countries, and they also wage an undeclared war against Nicaragua. In the Middle East the American imperialists have cooperated with the Israeli Zionists to oppress the Palestinian people and the Arab nations; they do not recognize the right to national sovereignty of the Palestinian people. In

Asia during World War II the U.S. imperialists used nuclear weapons to oppress the Japanese people at Hiroshima and Nagasaki, and the poison from these weapons still continues to threaten the lives of the Japanese people every day. During its invasion of Indo-China America used all kinds of deadly weapons including poisonous gas to destroy the lives and property of the people of the three nations of Indo-China. And even now these weapons are still a danger and create difficulties for the people of Indo-China in developing their countries. The American imperialists still continue to increase their cooperation with the Beijing reactionaries in upsetting and obstructing the socialist transformation and construction in the three countries of Indo-China and in creating conditions which threaten peace and stability in Southeast Asia. More serious than that the imperialists, of which the American imperialists are the ringleaders, are rushing to prepare for nuclear war and are making plans to use weapons in space.

These crimes and actions of the American imperialists and their lackeys are sufficient to prove beyond doubt that Washington itself is upsetting world peace and violating national rights. If this were not enough, in American ghettos millions of people do not have a place to live or a job, and girls and boys from 13 to 17 years old must become prostitutes and criminals. In [their] society there is no equality between white Americans and black Americans, and red Indians have been oppressed so that their nationality is almost wiped out. What does this mean, and what does it mean when it is said that the American imperialists respect human rights?

The nations of the world and especially the people of the United States of America know the truth about the actions, crimes, and the character of the White House and what it is and does. For this reason Washington brazenly slanders and smears the excellent character and the strict observance of human rights of the socialist countries, especially the Soviet Union. The Soviet Union and the socialist countries have always observed the international treaties and agreements concerning human rights correctly and justly, not only according to the laws but also in reality and universally. In the Soviet Union and the other socialist countries everyone enjoys their rights fully as they protect and build the nation; no one is out of work, there is no racial segregation and democratic rights and workers' rights are maintained. All citizens are secure.

8149
CSO: 4206/77

LAOS

CONDITIONS FOR PARTY MEMBERSHIP LISTED

Vientiane PASASON in Lao 28, 29 Nov 84 p 3

[28 Nov 84 p 3]

[Excerpt] 4. Persons desiring to join the party membership must agree with and follow the political ideology of the party. They must participate in earning their living according to the basic directives established by the party, pay dues and respect party regulations.

Our party is a very solid organization that is unified in theory and in practice, and has strict discipline. The party accepts into party membership only persons who conscientiously follow the requirements stated above. These requirements will be expressed in their level of political awareness, conscientiousness in organizations and strict discipline. These requirements will make persons understand clearly that party members are persons with awareness and dedication to serving the party's revolutionary task and are willing to be under the scrutiny and inspection of party organizations. Those who become aware slowly do not meet all the requirements, so they are to be rejected from becoming party members.

5. Party members must follow party regulations strictly.

Party regulations are the means to make the party's organization and activities uniform and strong. Implementing party regulations strictly shows each party member's awareness of duties and the organization.

Therefore, those who will be approved as members of the LPRP must have all five of the requirements stated above. These are requirements for approving and accepting the general population to join the party in order to have qualified people and eliminate the acceptance of undesirable elements who are unaware and not qualified to become members of the party.

[29 Nov 84 p 3]

2. Must be models in every activity. Must be models in implementing all the policies of the party and the state, consider the collective interest more important than personal interests. Oppose all events conflicting with the policies of the party and state.

Be examples in volunteer labor, production, combat and education. Must have a spirit to defend and protect collective properties, collective rights and collective interests, fight all retrogressive events, conservatism, greed, corruption and luxury. In combat, must not be afraid to sacrifice and overcome all difficulties. Perform combat tasks strictly.

Be examples in earning a living. Struggle to become good members of the party. Must maintain a clean way of earning a living, not make mistakes, must not be opportunistic or greedy out of self interest, etc...

3. Concentrate on continuously studying, educating and training themselves to lift their level of theoretical knowledge, qualifications and abilities. Education is an indispensable necessity for every communist party member. A good education gives persons the ability to work at tasks for developing socialism and protecting and defending the country. Education does not mean only to study the theory of Marxism-Leninism, but culture, science, technology and special skills (to be continued).

12597

CSO: 4206/83

LAOS

COLUMN ON LPRP GRASSROOTS ORGANIZATION

Vientiane PASASON in Lao 27 Dec 84 p 3

[Article in the column "30 Years---The Lao People's Revolutionary Party Has Organized and Led Every Victory of the Lao Revolution": "The Important Position and Role of Grassroots Party Organization"]

[Excerpt] The grassroots party committees and party units at the level of canton, machine shop, work shop, agricultural settlement, school, office, military unit, etc. interlace the grassroots party organizations. These organizations are the support for the party. They have a most important position and role in the party's leadership of the revolution.

Concerning the important position and role of the grassroots party organizations, there are three problems as follows:

1. The party's grassroots organizations have become centers for education and training and for carrying out all aspects of party and state policy; if the party organizations at this level perform well then the policies and plans of the party and state will achieve real results, but if they do not perform well then their results will be limited, and this will mean that the revolution will meet further difficulties.
2. The grassroots party committees and units are centers for administering, promoting and allocating work for party members. They are also centers for gaining new membership for the party to carry on the principles and the life of the party. And they are centers for recognizing the errors of some members and struggling against and expelling bad members from the party. This must be done so that the party remains strong and so that the work which is assigned is carried out effectively and fully, which will raise the quality of party membership. On the other hand, when the party membership is of good quality, it will be able to make the party units and party committees even stronger.
3. The grassroots party committees and party units are a bridge for forming a relationship with the masses and for organizing and leading the masses in carrying out every policy and plan of the party and state, as they are close to and can listen to the views and opinions of the masses as well as their aspirations and can point them out to the party.

Since the grassroots party committees and units have this important position and role, we must increasingly build and improve these grassroots party organizations as we stated in a resolution of the Third Party Congress. Building and improving the party grassroots is the duty of the political grassroots which is the responsibility of the first level of the party organization. "Every provincial party committee, district party committee and the party committee for various offices, departments and bureaus must take care in an organized fashion to build their own party grassroots so that they can strive throughout 1985 to erase grassroots [and replace it] with bases."

8149

CSO: 4206/77

LAOS

TASKS, RESULTS IN INTRODUCING SOCIALIST POLICIES DESCRIBED

Moscow AGITATOR in Russian No 22, Nov 84 pp 39-41

[Article by Yu. Mikheyev: "Laos Is Building a New Life"]

[Excerpts] For the Laotian people each year is marked by new successes in building the foundations of a socialist society.

The goals of the first 5-year plan for the country's social and economic development (1981-1985) are being successfully met. Much has been done in industry toward creating a material and technical base for socialism. The state sector is steadily becoming stronger. State enterprises have recently begun operating in a new manner: economic accountability [khozraschet] is being introduced and bookkeeping is being improved. Measures have been developed for increasing the flow of financial resources into the state budget, raising the incomes of the people, achieving a more just distribution of goods, and utilizing subsidiary plots more fully.

The country is increasing its output of agricultural products. Despite unfavorable weather conditions, 1.1 million tons of rice were harvested in 1983. This year, preliminary information indicates that the rice harvest will surpass the 1983 level. There has also been an increase in the number of cattle, hogs, sheep, goats, and fowl, and the harvests of corn, beans, vegetables, fruit, cotton, tobacco, coffee, tea, and other crops have risen. To a considerable extent the successes in agriculture have been achieved thanks to an expansion in the number of cooperatives, which already number more than 2,100 throughout the republic. They unite more than 90,000 families and work more than 20 percent of all the land planted to rice.

The Lao People's Democratic Republic (LPDR) has achieved certain success in the field of social policy. According to information supplied by our Laotian friends, illiteracy in the republic has now been 98 percent eliminated. The LPDR has assigned public educational institutions the task of organizing a system of compulsory elementary education throughout the country.

The process of developing the economy is complicated. The state socialist sector in Laos is practically only just being born. The collective farm has not yet been fully able to display its advantages. Small-scale private trade prevails up to the present time. Owing to the underdevelopment of the transportation

network, supplying individual and mountainous areas is complicated. The party as well as the people's democratic administrative institutions are making every effort to overcome these difficulties.

The Lao People's Revolutionary Party (LPRP) and the government of the republic are devoting great attention to the problem of improving the material and cultural conditions of the Laotian people. As in other socialist countries, the chief goal of economic development is to satisfy the material and spiritual needs of the people. The most important element in the party's and the government's action program in this area is to provide the population a sufficient quantity of rice and other food crops (the equivalent of 350 kilograms of unshelled rice annually per person), as well as a sufficient quantity of essential consumer goods, medicines, and learning and writing materials, and to guarantee full employment, the delivery of goods to the country's most remote areas, and an improvement in the consumer service network. Measures are being taken to improve the wage system with the aim of raising workers' living standards, as well as to introduce a wage system based on end results.

In addition to guaranteeing the people the right to work, the performance of the duty of each citizen to work productively is being given special attention. The struggle is continuing against economic dependency, parasitism, and extravagance, and for the observance of strict austerity.

The people's government is using various methods to enhance the material well-being of the workers. A price policy aimed at developing production and consumption and at achieving a partial equalization in the incomes of various population groups is gradually being put into practice. A system of differential pricing is being used in order to aid in developing production and to improve the lives of the workers: there are prices based on a ration-card system, prices that approximate the market price, and prices based on contractual agreements. The government is carrying out a reform (uporyadocheniye) of procurement prices for agricultural products and of retail prices for a number of manufactured goods. The socialist principle of wage payment is being introduced.

Economic ties between the cities and the countryside are expanding. About 300 state and more than 600 cooperative stores are already in operation throughout the republic. A fair distribution of goods is being ensured by means of state trading. In view of the fact that the level of social production is still low, the state is first improving the living conditions of workers employed in the most important branches of the economy. Moreover, special attention is being given to organizing services for workers, office employees, key personnel and soldiers of the people's army.

As for the middlemen and second-hand dealers, who before the revolution caused so much suffering for the Laotian peasant in particular, they are being combated by means of the organization of state purchases of agricultural products from cooperatives and individual peasants and by the selling of manufactured goods to them at stable prices.

An 8-hour working day and 6-day work week are in force in ministries and departments, and at enterprises.

The development of individual subsidiary plots is being stimulated throughout the republic, including in the cities. Ministries, departments, and enterprises also have subsidiary plots which permits them to improve the supplying of their employees through the sale of products at low prices. Public dining rooms, where part of the cost of a meal is paid by the enterprises, have become a great help to workers.

A new phenomenon for Laos is the ever-expanding network of day nurseries and kindergartens.

The building of the foundations of socialism in the country is directed by the Lao People's Revolutionary Party. The Sixth Plenary Session of the LPRP Central Committee took place in August 1984. The participants discussed the course of the fulfillment of the first 5-year plan and issues concerning the country's economic development, outlined measures to improve the management of the national economy, and also considered certain aspects of the preparation for the second 5-year plan for the period 1986-1990.

The plenary session appealed to communists and to the entire Laotian people to strengthen their unity and to heighten their vigilance in the face of the hostile designs of imperialism and hegemonism, and to devote all their strength toward the successful fulfillment of the first 5-year plan.

The republic's government is greatly concerned about strengthening the special relationships with Vietnam and Kampuchea. Leaders of the three fraternal countries of Indochina meet regularly to elaborate plans for cooperation in various fields. Meetings among the ministers of foreign affairs have become a tradition. The regular ninth conference of leaders of the foreign policy departments of the three countries took place in early July 1984, in Vientiane, the capital of the LPDR. Its participants condemned the escalation of hostile actions of China and Thailand against the countries of Indochina. They fully supported the just position and the retaliatory measures taken by the Socialist Republic of Vietnam in repulsing China's provocative actions on the Vietnamese-Chinese border and confirmed the desire of Laos, Vietnam, and Kampuchea to restore the traditional friendly relationships with the Chinese people and to normalize intergovernmental relations with the PRC. They also urgently called for the reaching of an understanding regarding the maintenance of security along the Kampuchean-Thai border.

The ministers condemned the infringement of the LPDR's sovereignty and territorial integrity by reactionary forces in Thailand and demanded the withdrawal of Thai troops from three illegally occupied Laotian settlements. The conference documents contain an appeal to the nations belonging to ASEAN to forthwith initiate a dialogue with the countries of Indochina to discuss the urgent problems in the relations among this group of states.

Under the leadership of the LPRP the Laotian people is confidently striding to new frontiers on the road toward building the foundations of a socialist society.

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"Agitator," 1984.

LAOS

RELIGION, ECONOMIC, SOCIAL CONDITIONS DESCRIBED

Bangkok BANGKOK POST in English 13 Jan 85 pp 17, 24

[Text]

ALMOST a decade has passed since Laos adopted a socialist economic system and a new political order following the victory of the *Pathet Lao* in December 1975.

But despite the revolution's success and the changes in the country's administrative system made them, Laos today still faces difficulties in achieving its development objectives. The immediate and most important task for the Lao people now is to protect their new system from being destroyed by external influence.

Laos will mark the 10th anniversary of the establishment of the Lao People's Democratic Republic and the 30th anniversary of the founding of the Lao People's Revolutionary Party (LPRP) on December 2 this year, and preparations are already under way to celebrate the occasion.

Since the communist victory in 1975, Laos has repeatedly alleged that attempts were being made to destabilise its new regime. Because of this, officials say, the Lao people were asked to cooperate in protecting their country while a perceived threat existed.

Lao Deputy Prime Minister Phoumy Vongvichit recently spoke of foreign attempts to destabilise the country, and said that defending the system from external aggression must remain the first priority.

"There are still some groups of people who do not wish Laos well. They do not want Laos to be an independent country and have tried to subvert us," the 75-year-old politician said. The second most important priority, he says, is to strengthen the agriculturally based economy to bring about industrial development.

China remains a constant target of Lao verbal attacks, with Laos accusing that country of wanting to expand its influence into Indochina. Meanwhile China sees Laos as a puppet tied to the Soviet Union and Vietnam. Laos charges that China is still providing support and training for subversive activities by right-wing groups operating inside the country.

According to high-level Lao officials responsible for national security, China has set up a large military training centre in its southern Yunnan Province. They also claim that in the past year some 200 Chinese troops have been sent to the Thai-Lao border to give military training to resistance groups. They believe that Chinese support for such groups will increase, while subversion will be stepped up through closer cooperation between Thailand and China.

AFTER the Vietnamese invasion of Kampuchea, cooperation between the Indochinese countries has increased; the three states

have entered into a mutual assistance and cooperation treaty relating to both civilian and military activities, stating that only under such an agreement is their existence secure.

Deputy Prime Minister Phoumy has said that if there was a threat of a military invasion by a foreign country, Laos would use the treaty to call for military assistance from both Vietnam and the Soviet Union.

"If the threat increased, it would be our right to call for assistance. If the threat could not be dispelled by Vietnamese help we would ask other countries for support. So foreign countries are asked not to cause us trouble," he has warned.

At present relations between Laos and Vietnam are relatively harmonious. While outsiders may see Laos as being under Vietnamese domination, Laos sees the relationship between the two countries in a different light. Deputy Prime Minister Phoumy pointed out that Laos and Vietnam have had cordial relations for over thirty years, dating from the struggle for liberation from France and the United States. He noted that Vietnamese support in the past was in accordance with joint agreements based on mutual understanding and equality.

Phoumy said: "Vietnam has been sincere to Laos. It has been giving us support in whatever we ask for. With a tiny population of less than four million, it is very difficult to develop our country without assistance from friendly nations. I dispute accusations made in the west that Vietnam wants to take over Laos. On the contrary, that country has been helping Laos with its reconstruction work, although Vietnam has its own internal problems to solve."

Although there are no official figures on the number of Vietnamese troops stationed in Laos, it is believed that there are more than 40,000, along with an estimated 5,000 Soviet technicians and advisers. Lao officials say the Vietnamese troops are there to help with development work, particularly the construction of communication routes and the provi-

sion of infrastructure. The Soviet Union is the largest aid donor to Laos, providing about 80 per cent of total foreign aid. The second largest provider of aid is Vietnam. Meanwhile friendly socialist governments provide support for various development activities; Hungary gives assistance in livestock raising techniques, Cuba and East Germany help with coffee cultivation and general economic development work, Czechoslovakia builds bridges and Bulgaria helps with road construction. Aid received from the Soviet Union is mainly in the form of technology transfer appropriate for a developing country.

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AFTER the political system changed in 1975, Buddhism in Laos altered in many ways. Perhaps the two biggest changes have been the perceived role of monks in society and the merger of the two former denominations in Lao Buddhism, Dharma Yuti Nikai and Maha Nikai.

According to Maha Khamtan, a former leader of Buddhist monks after 1975, and now deputy chairman of the Neo Lao Hak Sat (NLHS or Lao Patriotic Front), a significant change in the role played by monks in politics has taken place. "In the old society, monks were not allowed to participate in political activities. They had no right to vote or to be candidates in elections, nor could they launch their own political campaigns. After the liberation (December 1975) these restrictions were lifted.

Monks can now stand as candidates for election so that they can participate in national development.

Maha Khamtan said that Buddhist monks in Laos have four duties. Firstly they must preach according to the Dharma, while at the same time promoting the Party line and its policies. Secondly, they are expected to become involved in education as part of a programme to eliminate illiteracy. Their third role is to act as doctors, with their last role seen as the most controversial; to play a part in domestic and international po-

litics — at the domestic level to solve Laos' problems and internationally to promote world peace.

Maha Khamtan said these political roles are permitted because monks remain citizens of Laos, and more importantly, because the Lord Buddha did not prohibit political activity among his followers.

"Monks are an inseparable part of society, and politics is concerned with society. Therefore, monks should be allowed to play a role in politics. After the change of political regime in 1975, monks have contributed a lot to the nation building process," he said.

Although monks are allowed to have role in politics, they cannot become members of the LPRP.

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THERE are now an estimated 15,400 monks in Laos, an increase of 18 per cent over the number prior to the Pathet Lao victory. Before 1975 there were about 2,000 novices, now they number almost 10,000. No longer do the monks have religious ranks, and the old hierarchical organisation has been abolished. In its place a new mass organisation has been set up — the Buddhist Relations Association. The association chief (in reality the senior monk in Laos) is elected every five years. All monks and novices over 15-years-old have the right to vote.

Maha Khamtan describes the religious circle before the revolution as being characterised by conflict and competition for promotion. Monks who had access to senior government officials became both socially active and wealthy. Such qualities are no longer acceptable in the new society, he said. So changes in Buddhism after the revolution were inevitable — if only to enable religion to be used as a tool for national development work. Thus monks are required to acknowledge changes outside religion. Like everyone else in Laos, monks must study the principles of Marxist-Leninist theory so that they can obtain what is deemed to be a "correct" outlook of social problems.

Asked whether there are constraints on religious beliefs, Maha Khamtan explained that the Party has a policy allowing everybody the right and freedom to worship the religion of their choice; atheism is also tolerated. Meanwhile Buddhism in Laos — which is partly financed by the government — is thriving. People still attend temples in large numbers on religiously auspicious days. Monks still preach, but their sermons must adhere to the party line as well as concentrating on the Buddha's teachings.

Every morning along the roads in Vientiane, monks and novices in procession can be seen making their alms rounds, suggesting that the Lao people's faith in Buddhism has not been affected by the switch to socialism. Naturally there have been different opinions voiced concerning the changes that have taken place, but the majority of Buddhists in the country seem to have accepted them. "Changes are inevitable and we understand them," they say.

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REVOLUTIONARY songs urging cooperation in developing the country and praising the new administrative system can be heard daily on Lao National Radio, as well as being relayed from government buildings and the few entertainment places and hotels that remain. However, western styled music can also be heard.

Western dances are arranged for weekends by young men and women's organisations. These aim to provide some sort of recreation after a week of hard work, and are usually crowded — indicating that fun is still officially tolerated in Laos. Dancing to some of the quicker numbers is acceptable; as long as couples do not actually come into physical contact.

The only real limitation is that every song must first be passed by the cultural censors. As a result all are sung in Lao and the lyrics tend to praise the revolution and the building of a new society.

There are now few places of entertainment. Apart from the

camp is not difficult, with well-organised groups arranging the illegal exits.

"If you have money, fleeing the country is not difficult, but it is much easier for a single person than an entire family," he said.

Nobody knows exactly how many Lao refugees have crossed the river into Thailand. But there are now few people in Laos who do not know somebody or have relatives who have already departed.

The only information media existing in Laos is the national radio and television stations and a few state-owned daily newspapers. The stories carried in these newspapers, in addition to articles praising the revolution, are concerned with socialist countries that support Laos. This means that it is not difficult for the government to present issues to the people in the way it wants them to be presented.

Because of Vientiane's close proximity to Thai television and radio relay stations, many Lao people can tune into Thai programmes, which may present different views from those broadcast in Laos.

Frequently differences of opinion across the airwaves are crudely settled by loudspeakers blaring propaganda from the Lao bank of the Mekong.

Besides the gradual progress being made in developing the country, the government is proud of its record in raising the literacy rate. A Lao educational official has said that only two per cent of the population are now unable to read or write.

At present about 8,000 young Lao people are studying abroad, mostly in the Soviet Union and Vietnam. When they return they will make up an important manpower contribution for future development work.

Meanwhile the majority of Lao people, particularly the young, seem prepared to endure the present hardships in the hope that they will all eventually benefit from a political system which adheres to the economics of equality.

four cinemas showing a predictable diet of Soviet and communist bloc material, a few restaurants offering taped western music survive. On rare occasions live music is provided, after prior permission from the local authorities. Songs played at these concerts must also contain revolutionary substance, and not surprisingly there are few of these restaurants left in Vientiane. Their clientele is mostly the wealthy Lao elite and foreigners living in the capital.

There are few private shops in Vientiane. Those that do exist tend to be small grocery shops or clothes makers and their owners have small profit margins. Consumer goods on sale are mostly from the Thai province of Nong Khai on the opposite bank of the Mekong River.

Lao people are allowed to cross over to the Thai side of the river to buy goods which are subject to import duties when taken into Laos by their new owners.

The morning and evening rush hour in Vientiane means roads full of bicycles. The traffic is already thin by dusk and almost non-existent shortly before the start of the curfew at midnight; a restriction which keeps Vientiane residents in their homes until dawn.

ECONOMIC hardship remains a fact of life in Laos. The average annual income per capita is US \$120-150 (about 3,200-4,000 baht). This figure, provided by Lao officials, is higher than others and the real figure is probably closer to \$100 a year (2,700 baht).

People who remember the old political order seem reluctant to join government service, put off by starting salaries of 700 to 1,000 kip (70-100 baht) per month. Welfare and food provided by the government in addition to salary does not match the actual cost of living, and for many the only alternative is moonlighting as a petty trader.

The continued exodus from Laos — about one thousand people a month — provides evidence of this economic hardship. A Lao living in Vientiane said that leaving the country to live in a Thai refugee

LAOS

THAI POLICE: LPA MAY BE SUPPORTING SMUGGLERS

Bangkok MATICHON in Thai 15 Dec 84 pp 1, 16

[Text] Water patrol police clashed with members of a transnational medicine smuggling ring in the middle of the Mekong River while they were transporting medicine for delivery to the Laos side. The authorities had made an investigation and found out about them before hand, and had waited in hiding. The police signaled them to stop, they refused and fired back. Lao soldiers joined in with the smugglers and began shelling across the border. The smugglers could not make it, so they jumped into the river to flee. Strategic goods worth 500,000 baht were found to be filling the boat. It was indicated that the goods belonged to a wealthy man of Nongkhai province.

The correspondent reported from Nong Khai that at 1930 hours on 13 December, Pol Col Suphot Kongsi, commander of the Sixth Region Water Patrol Police for Nong Khai, upon learning of an investigation report that Thai merchants were smuggling Thai goods for sale to the Lao side, ordered Pol Lt Col Plodphai Pratham, deputy commander of the Sixth Region Water Patrol Police, to lead a group of policemen to join with Pol Capt Wijit Sai-sarai, water patrol police inspector of Si Chiang Mai District, who had already set up an operation post across the river from Vientiene.

Later, the police force was divided into groups to wait in hiding at the edge of the Laow woods on the Mekong River bank and at Paan Braow village. At that moment, a merchant boat left the bank, and after it had been 15 meters away from the bank, the policemen who waited in hiding flashed the light to signal a warning to the boat. And the police used a loud speaker to order the boat to stop. It turned out that the crew of the merchant boat began shelling the police boat, and at the same time, signaled to the Laos side for support. And a moment later, Lao soldiers who were hiding on a beach on the Lao side began shelling at the Thai police; they also fired to cover the smuggling boat so that it could proceed smoothly to the Lao side. The clash broke out.

As the clash continued, the villagers at Paan Praow village and in the areas nearby mistook it for an invasion by Lao soldiers and began fleeing frantically.

When the sounds of the guns died down, the police approached the merchant boat and found that the crew, which the police found out to be 5 in number,

had jumped into the river to escape. The police found medical goods and pharmaceutical products, such as medicine for injection, medicine to stop blood flow, salt water--a total of 51 items, all of which were strategic goods. In addition, there were 60 dozen of cold weather clothes. The goods were worth about 500,000 baht.

The police disclosed that all of the goods belonged to an influential wealthy men of Nong Khai by the abbreviated names of "J" and "B," who had been smuggling the prohibited goods to the Lao side for sale at the site of Prince Souvanna Phouma's house, located on the road near the Mekong River in the jurisdiction of the city of Vientiene, for some time. And every time the smuggling took place, the smugglers would receive the protection from Lao soldiers through an advanced arrangement. But this time, the police had prepared their operation well; and so they were able to capture the boat. In any case, the police will gather further evidence for the prosecution of the case in the future.

12282
CSO: 4207/97

LAOS

BORDER PROBLEMS DISCUSSED

Bangkok SENASAN in Thai Dec 84 pp 45-47

[Text] In the said period (18 October-20 November 84), Laos had added and rotated its troops in the area of Pa Mon Peak, located opposite Chiang Khong district, Chiang Rai province. There were reinforcements sent to many points along the border, opposite Tung Chaang district and Pua district in Nan province, so as to prevent the operation of a resistance group as well as to prevent the Lao people from dodging conscription and fleeing into Thailand. There were patrol units along the Thai-Lao border constantly. In addition, the military command in Sayaboury, Laos, had instructed the administration authorities and the military authorities of Chiang Hon and Hong Sa cities to hoist Lao flags along the Thai-Lao border areas adjacent to Chiang Klang and Tung Chaang districts, Nan province, saying this was to prevent further border problems from occurring between Thailand and Laos.

Regarding the conflict between Thailand and Laos involving the three villages in Ban Kok subdistrict, Uttaradit province, at present although the Thai side has made an adjustment by removing its forces from the grounds of the three border villages in order to reduce confrontation with Laos, and has wanted to see the conflict resolved by a peaceful means, the Lao side is still trying to create a problem by taking the advantage it has to send its soldiers and its people to the grounds of the three villages in question, as well as ambushing and provoking by using gunfires to disturb the construction of our roads all the time. In the past month, our forces clashed with the Lao soldiers three times in the area of Ban Kok subdistrict, Uttaradit province. Lao soldiers' shells fell in Thai territory once in the areas of Ban Kok subdistrict, Uttaradit province. Lao soldiers opened fire on a Thai naval boat once in the areas of Bueng Kan district, Nong Khai province. Thai soldiers stepped on the opposite side's booby traps twice in the areas of Na Charuay district and Khong Jiam district, Ubon Ratchathani province. Lao soldiers opened fire on Thai citizens twice in the areas of Bun Trik and Khemmarat districts, Ubon Ratchathani province. Thai soldiers arrested 32 Lao citizens and Vietnamese soldiers six times in the areas of Chiang Khong district in Chiang Rai province, and in the area of Phon Phisai and Pak Kat districts in Nong Khai province, as well as in Chanuman and Bun Trik districts in Ubon Ratchathani province. Three were Vietnamese soldiers, 29 were Lao citizens. And one Lao soldier fled into Thailand and surrendered to Thai authorities once in the area of Chiang Kan district, Loei province.

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CSO: 4207/97

LAOS

CHAMPASSAK, SAYABOURY BORDERS SAID TO BE STRENGTHENED

Bangkok MATUPHUM in Thai 21 Dec 84 pp 1,16

[Text] Regarding the situation along the Thai-Lao border, Maj Gen Na-rue-don Detpradiyut said in a briefing that Laos tried to reinforce and rotate its forces at various places continuously. Laos transferred a number of its troops to be positioned at a front along the Thai-Lao border, opposite Tung Chaang district, Nan province. Here at this operation base, there were trenches and bunkers as well as patrol units.

The secretary to the army went on to say that in addition, Laos transferred an additional battalion of its infantry troops for deployment along the Thai-Lao border opposite Chong Champa, Chong Klok, and Chong Mek, and moved its tanks and artillery units to Pho Thong village in the district of Champassak opposite Phibunmangshan district, Ubon Ratchathani province.

Regarding the conflict involving the three border villages, although the Thai side had tried to make an adjustment by removing Thai forces from the villages in order to reduce tension, the Lao side tried to carry on a propaganda campaign and attacked Thailand continuously, and distorted the data and articles from Thai newspapers as well. At the same time, Laos sent its forces and heavy machine guns to reinforce its position in the three villages.

Besides, Laos also adjusted and improved its base and its grounds in the three villages so that helicopters could fly its forces and weapons into the area at all times. Laos had proposed that the two sides negotiate to settle the conflict involving the three villages as well; but the Thai side rejected its proposal saying the current atmosphere was not appropriate for talks.

In any case, the Thai military authorities consider that the Ministry of Foreign Affairs is charged with the function to solve the conflict involving the three villages.

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CSO: 4207/97

LAOS

COLUMN NOTES STEPS TO BORDER DISPUTE RESOLUTION

Vientiane PASASON in Lao 4 Jan 85 p 3

[Text] Today, we present to our friends and comrades who follow this column of PASASON the question of Comrade Thongdam Senaphoumy, who works with the Taxation Division of Vientiane Municipality. The question is, what method will solve the problem if Thai rightist reactionaries refuse to withdraw their troops from the area of the three Lao villages?

Briefly, our opinion is that people of all ethnic groups should unanimously consider this unprecedented incident to be the most important issue since the formation of our new regime. Thailand's persuasive propaganda is that the incident is a "minor matter," but actually it is a clear case of invasion. Therefore, the solution to the problem of this invasion and occupation by Thai rightist reactionaries must be to concentrate our forces. First, we must stop the Thai military's rightist reactionary expansion of their invasion and occupation of our holy land. We must take charge in fighting the enemy and eliminate the invaders in order to protect our waters and our fertile land. And we have an indisputable international treaty to confirm our rights.

Second, we must explain the invasion to people of all ethnic groups in the entire country so that they see that it is an expansionistic practice of Thai rightist reactionaries who believe in Thai hegemonism and have been trying to swallow up Laos all along. Therefore, we all must actively encourage people like yourself, who are interested and understand the problem, that they must participate and do their best to expose the current invasion and war hunger at the Thai rightist reactionaries headed by Athit Kamlang-ek. Then we will persuade the people of the entire nation to unite and fight bravely for their just rights.

Third, we must promote the forces of political struggle in foreign affairs, such as issuing announcements of the Ministry of Foreign Affairs, new releases and other unclassified information, and carry out negotiations sincerely in order to solve the problem by peaceful methods. This will win us status, influence and a good reputation for Laos, and it will show up on international stages, such as it did recently on the stage of the United Nations.

This is a reasonable and fair solution, that is supported widely by the Thai and Lao peoples and by the world's populace, and it will shamefully defeat the Thai rightist reactionaries.

That is our answer to your question for now. Next time, if our fellow readers are interested in any problems, please send your questions to our 'Talk' column.

So long,

The Editor

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CSO: 4206/83

LÀOS

BRIEFS

LUANG PRABANG PRODUCTIVITY, CO-OPS--The rainy season rice harvest of all the members of agricultural cooperatives and collective farmers and the people of all ethnic groups throughout Luang Prabang Province that had been in progress since last October was accomplished majestically in January 1985. The rainy season rice harvest of the people of this province for this rice growing season is considered to have been a success and on schedule. There are around 8,160 ha of collective rice fields and 55,980 ha of highland rice fields in the entire province, of which more than 3,690 ha of lowland rice fields and 1,200 ha of highland rice fields belong to agricultural cooperatives. On the average, rice production in the entire province has been 2.5 tonnes per hectare and 1.26 tonnes per hectare for highland rice. The annual rice production of the people of Luang Prabang has been this good despite obstacles and difficulties in many areas. Primarily, weather conditions were not favorable, but the volume and quality of production was higher than it has been in past years because of the drive, brave struggle and determination of farmers. In addition, there has been guidance and close interest at every level of party committees, the provincial administration committee and especially of the Agriculture, Irrigation and Cooperatives Division in the basic production areas. [Text] [Vientiane PASASON in Lao 7 Jan 85 p 1] 12597

XIENG KHOUANG BANKING--Throughout 1984, a lot of cadres, workers, military and police came to deposit the money that they earned for their products at their provincial branches of the State Bank. To date, total savings deposits have reached 1,189,500 kip, of which 77,800 kip belong to the cadres and workers of the bank. This triples last year's savings promotion plan. [Excerpt] [Vientiane PASASON in Lao 7 Jan 85 p 1] 12597

KHAMMOUANE TRADE--Last year in 1984, the trade division of Yommalat District, Khommuane Province, concentrated on improving and expanding the trade network in basic production areas. Two stores were built, which increased the number of stores in the entire district to 14, of which two are owned by the state and 12 collectively owned. These stores have been serving the people and cadres around 100,000 kip's worth of crops and forest products from the people. The growth in trade between the state and the people is improving the living standards of the people of all ethnic groups, step by step. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 9 Jan 85 p A7] 12597

VIENTIANE DISTRICT HOSPITAL--On 4 January, the Keo-Oudom District Administration, Vientiane Province, opened a new hospital to provide regular medical care to people of all ethnic groups. This hospital is 20 m long and 6 m wide. It can accommodate 25 beds with complete medical equipment and a number of permanent medical staff. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 8 Jan 85 p A7] 12597

FACTORY PRODUCTION--The factory for electric wire and plastic bags located in Saisetha District of Vientiane City is affiliated with the Ministry of Industry, Handicrafts and Forestry. ...the workers who make up the administrative committee it was learned that... In 1977 it became the property of the state, and the workers became the owners of the factory under the skillful guidance of our party and state. With the correct leadership of the party, our state became close to the workers in the factory and guided them in every activity and past difficulties and shortages to meet the goal of the yearly production plan serving society completely and on time. There are a total of 76 workers in the factory. Five are high level and 17 are middle level. Most of the workers are in three organizations for workers, young people and women. Some workers have studied abroad, for example, in the German Democratic Republic, the Soviet Union and the Socialist Republic of Vietnam. They have organized production in two sections: a section producing electric wire and a section producing plastic bags. These sections also produced related items such as suakphang [cable], batteries, thodut [conduit], etc. Production went well because of the care taken by the workers in each activity; they were responsible in their production and learned from their work, which showed in their production. Each year they produced to serve society according to the goals set, or they exceeded the goals. And they were in time to meet the needs of society. Production in 1984 met the goals, for example: the section producing electric wire which had a yearly goal of 58,078 meters had produced 55,880 from January to October and the section producing plastic bags which had a yearly goal of 185 tons had produced 100 tons in the first 9 months. [Excerpt] [Vientiane PASASON in Lao 27 Dec 84 p 2] 8149

RESISTANCE UNIFICATION--A report from Bangkok said that two Laotian guerrilla groups had merged. The Mong tribal Liberation Movement for Lao Nationals (LMLN) and the Lowlanders National United Front for the Liberation of Laos, the NUFL have joined forces. The move was made to strengthen their position against the communist Lao government and those Vietnamese units in Laos. [Text] [Kuala Lumpur ASIAN DEFENCE JOURNAL in English Jan 85 p 122]

CSO: 4200/498

NEW ZEALAND

IRONY OF U.S. WARSHIP CALLS TO PRC VIEWED

Auckland THE NEW ZEALAND HERALD in English 14 Jan 85 p 6

[Editorial: "Not-so-Slow Boat to China"]

[Text] On visiting Pearl Harbour, the Leader of the Opposition detected "critical concern" in the American military command there over the New Zealand ban on nuclear warship visits. The Prime Minister later declared that his Government would not change its opposition to visits by such ships.

Both utterances serve as a reminder, if it were needed, that the issue of whether New Zealand can sustain its nuclear ships policy and remain a member of the Anzus military alliance must come to a head this year.

One exquisite little irony is that while Wellington and Washington as military allies remain at loggerheads over prospective warship calls, the United States Navy is preparing to visit Chinese ports for the first time since the 1949 communist takeover there.

This month, the chairman of the United States joint chiefs of staff is due to visit China. His trip is expected to be followed by a United States Navy visit, originally mooted five years ago and since, the subject of much bilateral discussion.

Under the much-recited American policy to neither-confirm-nor-denry the presence of nuclear weapons, such equipment seems hardly likely to be a consideration. After all, China is itself a nuclear superpower.

The proposed visit--apparently only the first of a series--is surely of more significance as evidence of the importance with which the Americans vest the right to make such naval calls.

Indeed, Peking no less than Washington is said to regard the move as designed to consolidate and exemplify further Sino-American military co-operation. Given China's humiliating history of being forced to open its ports to foreign trade and warships last century, given North Korean sensitivities and given even the effects upon domestic opinion of a symbolic upgrading of relations with Uncle Sam, China has acted boldly, after some recent hesitation.

What price Anzus, however, in the light of such developments? "It would be an awful irony," says the Prime Minister, "if at the time when the climate for running armaments down is just building up, my Government should decide to change its stance and welcome nuclear weapons to New Zealand."

Perhaps. But it would not be the only irony in the course the Government has chosen. China no doubt imagines that its proposed action will send the right message in the right direction. Destabilising Anzus would send the wrong message to the wrong people.

CSO: 4200/532

NEW ZEALAND

OPPOSITION LEADER MCCLAY ON U.S. CONCERN

Auckland THE NEW ZEALAND HERALD in English 16 Jan 85 p 3

[Text]

The Leader of the Opposition, Mr McLay, says Government restrictions on United States Navy ships visiting New Zealand ports will damage relations between the two countries.

The present stand of both countries on the issue was a stand-off with no room for compromise, he said.

Speaking to Mt Albert and West Auckland Rotarians last night, Mr McLay (pictured left) said the United States could not change its policy of neither confirming nor denying the presence of nuclear arms on its vessels.

New Zealand Government policy, he said, therefore meant that all United States Navy ships would have to be excluded from New Zealand ports.

Even a partial ban, he said, could end the Anzus treaty.

"If the New Zealand stance was to spread," Mr McLay said, "it would cause a serious imbalance at a time when the USSR is seeking to spread its influence."

Mr McLay was briefed by senior United States military officers while on holiday in Hawaii recently. He said he found universal concern at New Zealand's policy towards nuclear-powered and nuclear-armed ships.

CSO: 4200/532

NEW ZEALAND

ACTIVISTS FEAR NUCLEAR SHIP BAN REVERSAL

Wellington THE EVENING POST in English 15 Jan 85 p 5

[Text]

The New Zealand Nuclear Free Zone Committee fears the CIA may secretly put pressure on the New Zealand Government to reverse its nuclear warship ban.

An executive member of the committee, Mr Dennis Small, says the CIA might even try to smear this country's peace movement with allegations that the movement has links with communist groups.

Mr Small said in a statement that the mainstream of the movement's support comes from "middle" New Zealand.

He said the ban on nuclear armed warships has the support of the majority of the country's public, as demonstrated in the last election and in a recent opinion poll.

Because of its concern the committee is distributing information on the CIA, and the recently set up ANZUS "think tank" project which is led by a former deputy director of intelligence for the CIA, Dr Ray Cline.

Mr Small said the ANZUS project also has close links with the international World Anti-Communist League, a far-right group which openly supports "brutal and repressive regimes."

CSO: 4200/532

NEW ZEALAND

POPULAR SUPPORT FOR, IMPACT OF LABOUR NUCLEAR POLICY EXAMINED

Broadway, Australia THE NATIONAL TIMES in English 1-7 Feb 85 pp 4, 5

[Article by Frank Walker: "Lange's Lone Stand"]

[Text]

NEW ZEALAND's Prime Minister David Lange has promised that no warship carrying nuclear weapons will enter a New Zealand port, and his political future depends on him keeping that promise.

"We think nuclear weaponry is repugnant, abhorrent, immoral and should not be," he told The National Times in Wellington this week.

But Lange is in trouble, following his return from the protectorate of the Tokelau Islands, where he was making the first visit by a New Zealand prime minister, to the imbroglio of the visiting American nuclear warships.

He had to virtually admit that a study supplied by his own Defence and Intelligence departments on the warship the Americans have proposed to visit New Zealand after the March ANZUS Sea Eagle exercises off Queensland was inadequate and that he had to turn to the Americans for more information.

A New Zealand Defence Department source said there was virtually no way anyone could be certain that a particular ship was not carrying nuclear weapons without on-site inspection.

The indications are that Lange is asking the Americans to send a warship that is widely and publicly accepted as not carrying nuclear weapons. This would avoid him having to ban a ship outright.

"There are vessels in the US Navy, modern fighting vessels which are clearly and unmistakeably not carrying nuclear arms," Lange told a press conference on Monday.

It is believed he told the US Embassy in Wellington he would not be able to accept their originally proposed ship as it cannot be ruled out that it is carrying nuclear weapons.

Lange said he does not expect the Americans to deviate from their position of neither confirming nor denying that their ships are nuclear-armed.

No new initiatives are believed to have come from Washington to help Lange out of his predicament and, given the strong US line, it is obvious they are keen to test the strength of his resolve now rather than later.

Speculation in the New Zealand press is that the Americans applied to send a Charles F. Adams class destroyer to New Zealand. These ships are capable of carrying nuclear depth charges.

It is now believed that Lange is proposing that the US send a guided missile frigate of the Oliver Hazard Perry class. These frigates are new, and according to defence experts do not carry systems capable of launching nuclear weapons. Australia has four of the ships on order from the US.

According to Jane's Fighting Ships, 13 of the 26 ships in this class are serving in the Pacific. It is not known whether any of them will be taking part in the Sea Eagle exercise.

Pressed on how he will get around the impasse of the Americans neither confirming nor denying the presence of nuclear weapons Lange said it would not end when the question over this ship is resolved.

"What I am trying to tell you is that this is a world where there are no one-black one-white situations which cancel each other out and part

of the skill of it is making sure you get where you want to be without blowing yourself up along the way. I am not in the business of self-immolation."

But public efforts by Canberra or Washington to get Lange to back down will only strengthen New Zealand's determination to go ahead with the policy. The overwhelming majority of New Zealanders are firmly behind the anti-nuclear policy, and the Government's entire credibility rests on it going ahead with the ban: so does Lange's own leadership of the Labour Party.

David Lange is not the classical figure for this David versus Goliath role. Physically he is very big. Tall, he would tower over most world leaders and a stomach by-pass operation has reduced his great weight.

In power now for seven months, he exudes a confidence Wellington observers say he did not have before.

Sitting in the armchair of his office in the top floor of Wellington's appropriately-named Beehive offices, Lange constantly rearranged his tie to cover the straining buttons of his shirt as he denied there was any sense of crisis over New Zealand's stand.

He said reports that he had been angry about the letter from Australian Prime Minister Bob Hawke asking for clarification of New Zealand's position were wrong. "I was completely unperturbed about it."

The existence of the letter was revealed in The National Times last week. Hawke later said the letter spelled out Australia's position and said Australia could not accept as a permanent arrangement that the ANZUS alliance had a different meaning and entailed different obligations for different members.

Lange said Hawke's action had made New Zealanders determined to support the Government's policy. "It has become now an issue which is seen in terms of some nationalism," he said.

Lange has been extremely careful not to make any statement which might upset the Australian Government, especially Prime Minister Hawke, in the entire discussions over New Zealand's anti-nuclear policy. Asked if he would like to see Australia join New Zealand's stand he would only say that every country has to work out its own policy in relation to its own circumstances. Asked if he was disappointed about Australia's stand he said: "No."

"Mr Hawke has been consistent in his statements of his Government's policy, that they accept the US neither-confirms-nor-denies policy, and I am certain there is some inference which the public might draw that in fact the Australian Government would review

its defence relationship with New Zealand on a permanent basis if New Zealand permanently is one of the partners to be holding out for a change in that policy."

But Lange is adamant that his Government does not want to withdraw from the ANZUS agreement. "The alliance is now some third of a century old. It is unspecific and that is one of the virtues of it. It has no command structure of itself. It is a code word for a fact that we are people who inevitably in terms of our histories, our economies, our cultural roots, our geographical placings are interdependent on a host of issues of which defence is just one. Each partner will have different contributions to make. New Zealand's one will not be nuclear."

"This policy of the (New Zealand) Labour Government is not anti-American, it is not anti-alliance, it is not neutralist, it is simply anti-nuclear weaponry. What we are aiming for is to have a non-nuclear armed ship to visit New Zealand after the coming exercises. If I am absolutely confident that the vessel they propose does not contain nuclear arms then it will be allowed into New Zealand ports."

It is New Zealand Labour Party policy to press for a renegotiation of ANZUS to make it clear there are non-nuclear aspects to that treaty. That will be discussed at the next ANZUS talks in July.

If New Zealand does ban the warship the Americans have proposed, the US has given warning that it would be considered "incompatible" with New Zealand's obligations under the ANZUS pact.

If New Zealand accepts the ship which is offered, the situation will simply arise the next time the US proposes to visit New Zealand.

But Lange says the ban on nuclear armed warships is a very personal one. "I have very few really burning convictions in political life and being opposed to nuclear armaments escalation and their existence is one of them."

"I was born in 1942. I have seen a whole post-world war nuclear generation of destruction loom. I was involved in my youth with various causes concerning those issues."

"I remember one particular occasion when I saw the distortion in the upper atmosphere during the nuclear testing at Christmas Island at Easter time about 20 years ago when the whole sky erupted in a devastating ionospheric disturbance known as the *aurora australis*. It certainly made a big personal impact on me."

But the left wing of the New Zealand Labour Party is not entirely convinced that Lange will stick to his guns over the issue and not cave in to the mounting pressure, albeit so far friendly,

from Canberra and Washington. The Left says he only gave lip service to the policy until the last few years and tried to water it down by differentiating between nuclear-powered ships and nuclear-armed ships.

Now the ban will apply only to warships actually carrying nuclear arms, not nuclear powered ships or those simply capable of carrying nuclear weapons.

This is indeed a backdown on his previous position. Shortly after being elected leader of the Labour Party in 1983 he told Parliament, "Unless I as Prime Minister, receive an assurance that these ships are not carrying nuclear weapons, entry to New Zealand territorial waters will be denied."

Now he says he has to be "absolutely confident" they are not carrying nuclear weapons before they are allowed in.

To allay fears inside his own party, Lange made a surprise announcement on Monday that shelved legislation giving Labour Party policy on visiting nuclear armed warships the force of law, would be brought forward.

Lange will not say how strong that legislation will be, but it will make New Zealand's stand unique in the world: a country banning by law the warships of an ally supposedly sent to protect it.

"New Zealand never made a conscious decision to join a nuclear infrastructure. What is happening here is different from the peace movement, say in Europe, where the countries made a calculation and joined the nuclear defence strategy," Lange said.

He sees no double standard in his Government's decision to join the ANZUS partners in the Sea Eagle manoeuvres, to be held off the Queensland coast at the end of February and beginning of March. A New Zealand frigate will be engaged alongside US warships which are capable of carrying nuclear weapons and, as the vast majority of the US fleet has nuclear arms, are most likely to have them on board.

"They are exercising in conventional warfare situations and those weapons will not be in New Zealand. We are not engaging in nuclear warfare preparation. If they are carrying nuclear weapons it is ancillary to their principle purpose which is conventional maritime defence exercises. That is part of the defence responsibility which New Zealand accepts. What we are saying is over that part of our existence over which we have our sovereignty then we have our policy."

When asked where he thought a threat to New Zealand's security might come from, Lange said: "Brisbane." He laughed.

But Lange is serious about the prospect of entering into a trade war with Queensland. It would be much easier for him to take action

against Brisbane than Canberra. His threats to buy sugar elsewhere after Premier Joh Bjelke-Petersen banned a shipment of New Zealand chocolates from entering the State gives him the chance to hit back, while with Canberra he has to tread warily.

He joyfully labelled Queensland a "chocolate-free state" and pointed out that Queensland takes \$59 million worth of goods from New Zealand while New Zealand takes \$122 million from Queensland. "That is exactly the sort of trade war which only a born loser in foreign policy will fight," Lange said.

It is important not to underestimate the depth of feeling in New Zealand on the nuclear issue. Attention is not divided over many causes like it is in Australia and New Zealanders are aware that their anti-nuclear stand is putting them on the international political map.

Ego and nationalism are closely intertwined in the New Zealand stand, says Canterbury University political scientist Professor Keith Jackson. "The fear of nuclear power and nuclear weapons coming down to our untouched part of the world is very strong, but this bridges over into nationalism because once the Americans start leaning on us then it does obviously touch our sense of independence.

"Also this Government, which is so untypical of others, is one that needs a symbol and the nuclear issue is one they got landed with. I don't think they have any choice but to follow it."

The depth of feeling against interference from across the Tasman is possibly even stronger.

Only hours after The National Times broke the story of Hawke's letter to Lange last week about 50 demonstrators gathered outside the Australian High Commission waving placards saying "Hawke is a Peacock", "Hawke's Dirty Underarm Tactics" and "NZers have said no to nuclear. Mr Hawke stop interfering".

A poll taken in October found that New Zealanders favour by almost two to one a ban on visits by nuclear-armed warships. The poll found 58 per cent opposed such visits and 30 per cent supported them.

Curiously, the poll also found that 59 per cent supported visits by nuclear-powered warships as long as they were not nuclear-armed. Lange has obviously taken strength from this and dropped discussion of banning nuclear-propelled ships.

The polls also found 60 per cent of New Zealanders want to keep the ANZUS pact but

want it to be renegotiated. Sixty-nine per cent would like to see the South Pacific a nuclear-free zone.

Despite the polls, opinion ranges from the colourful to the sublime. It is hardly the number one conversation in the pubs of New Zealand. That is given over to the more traditional: Rugby, racing and cricket.

"Look mate, who gives a stuff about nuclear weapons. Nobody is going to bomb New Zealand are they? The way I look at it, it is a lot of fuss about nothing," was one comment in a Wellington hotel which had many echoes.

The classic taxi driver opinion poll found a three-to-one approval rating for the Government's stand. But it was on a far more nationalistic standpoint than an idea of peace and goodwill to all men.

"Nobody is going to tell us what to do, especially that bloody Hawke of yours. You tell him to go take a running jump."

Another was more reflective. "Maybe if the world sees that we can do it, a tiny country at the bottom of the world with hardly any influence at all, maybe, just maybe, it will have some effect on the rest of the world."

Jim Anderton, former president of the Labour Party and now on the backbench of Parliament, was more blunt than his diplomatic leader. "What we are saying is stick it up your nuclear nose. We want no part of it and they can take their bloody nuclear weapons somewhere else."

★ ★ ★

The anti-nuclear movement is well organised. Operating from the floor above a bowling alley it shares with the Campaign for Nuclear Disarmament, the Student Christian Movement and a violin school, is the headquarters of Aotearoa, the peak organisation for 300 peace groups scattered around the country. It is the Maori word for New Zealand.

Owen Wilkes, a leading peace campaigner and the organisation's employed researcher, says they will make their own assessment of the US ship when its name becomes known.

Nicky Hager, spokesman for the Coalition Against Nuclear Warships, said that if the group was not satisfied the ship was non-nuclear despite Lange's assurances, it would organise mass demonstrations against it.

Those demonstrations would be embarrassing to Lange, who has said that the bottom line for the New Zealand people is that they have to trust him on the issue as he won't release

reasons for his decision. Asked how he can be absolutely sure there would be no nuclear weapons on board he said: "You have to work that one out for yourself."

New Zealand's stand is receiving worldwide attention. It has been the subject of editorials in the New York Times and the Washington Post, it is being raised at discussions in the peace movements of Europe. Parallels are being drawn with Greece's decision to expel all American bases within five years and there are accusations that New Zealand's stand will give an impetus to those who want to break the West's solid stand against Soviet expansionism.

To all those arguments David Lange has just one answer — New Zealand does not want to have nuclear weapons on its territory.

"I do not go along with those who say the presence of the ships make New Zealand a nuclear target. We just do not want anything to do with nuclear weapons."

"The potential foe for New Zealand has shifted from that of the Far East to a global Soviet domination threat. But I think it is true to say that neither in Australia and even more so in New Zealand does that spectre have anything like the awe-inspiring belief that it has in the United States."

"There is not the same intensity of feeling in New Zealand. New Zealanders tend to look therefore at the prospect of instability on a regional basis and think of it more in terms of conventional defence deployment."

But the prospect of the European peace movement turning out in support of New Zealand and putting Kiwiland on the same protest placards as Nicaragua and Afghanistan would hardly be comforting news for David Lange. He does not want to be drawn into the image of the international rebel and refuses to advocate that other nations do what New Zealand is trying to do.

There is, of course, opposition in New Zealand to what Lange is doing. The leader of the National Party, Jim McLay, says a ban would be the beginning of the end of ANZUS and New Zealand needs that alliance. He says Russian presence in the Pacific and Asian region is growing and New Zealand needs to demonstrate solidarity with the United States and help it fulfil its commitments.

If the behind-the-scenes negotiations with the Americans going on in Wellington this week do not produce a ship which is acceptable to Lange and the Government, the prospect of ANZUS breaking up is one step closer.

NEW ZEALAND

MCCLAY PREDICTS 15 PERCENT INFLATION

Christchurch THE PRESS in English 16 Jan 85 p 1

[Text]

Wellington

Inflation would hit 15 per cent by the middle of the year, and prospective home owners, farmers and small businessmen would find money harder to borrow and expensive, said the Leader of the Opposition, Mr McLay, last evening.

"From a business point of view, planning will be very difficult indeed," he said.

In an address to a Rotary club meeting at Mount Albert, Mr McLay said there was likely to be a drop in economic activity towards the end of the year, mainly because of a cut in real disposable incomes.

Some of this might be offset by an increase in consumption by people trying to beat the Government's proposed goods and services tax planned for 1986, he said.

To show the difficulty of planning ahead, Mr McLay said the motor vehicle industry expected increased activity as a result of the new industry plan cutting the price of larger cars.

"But it will not be long before those price reductions are completely over-

taken by increases resulting from the 20 per cent devaluation, the wage round and other inflationary pressures," he said.

Overseas capital would continue to flow into New Zealand because the combined effects of the present rate of exchange and interest rates between 16.8 per cent and 17.3 per cent for Government loans made such investments attractive.

Mr McLay said it was ironic that while some New Zealand national superannuants paid a surtax, some of their tax money would be leaving New Zealand to pay high interest rates on money borrowed from Japanese pension funds. The recent statements by several Government finance spokesmen that the inflow of funds had been so extensive that some of the money could be used to repay earlier loans were a greater irony, he said.

"How anyone could regard as being advantageous to refinance previous loans borrowed at rates as low as 7.1 per cent with money borrowed more recently at rates as high as 17.3 per cent is, quite frankly, beyond me," Mr McLay said.

CSO: 4200/532

NEW ZEALAND

INVOLVED PARTIES HOLD TREATY WORKSHOP IN ANTARCTICA

UN Treaty Control Opposed

Christchurch THE PRESS in English 15 Jan 85 p 6

[Text] The Antarctic Treaty would become inoperable if it was controlled by the United Nations, said the director of the Antarctic Division of the D.S.I.R., Mr Bob Thomson.

Speaking on his return to Christchurch from the Antarctic Treaty workshop at the Beardmore Glacier, Mr Thomson said that all 16 consultative parties to the treaty believed that the United Nations should not be involved.

In recent years the treaty has been criticised by nations not party to it. They have claimed that it was a privileged club, suggested that it could best be organised through the United Nations.

Mr Thomson said most of the delegates at the workshop, representing 25 nations, were international lawyers who had concentrated on the legal aspects of the treaty.

He said that some of the lawyers, who had experience at working within the United Nations, had outlined some of the problems the United Nations would have if it had to take over the treaty.

"It would make it inoperable," Mr Thomson said.

"Nobody could identify a particular aspect of the treaty that was not working. There was some criticism of the club atmosphere which I think is very much in the past," Mr Thomson said.

"There needs to be more publicity of the Antarctic

Treaty to the world at large about what it is doing and why it is doing it," he said.

This could be done by publishing collectively all the research findings.

A delegate had said that the treaty was working so well, better than any other international treaty, that it should be extended by 5deg. latitude each year until it covered the globe.

Mr Thomson said he could see advantages in holding a workshop in about five years time.

The chairman of the organising committee, Dr James Zumberge, said: "All points of view were well presented. What was discussed there will eventually reach its way back to others who were invited but ... unable to come."

Dr Zumberge said that the impetus for the workshop had come from an earlier Chilean workshop in Antarctica.

Ambassador Jose Sorzano of the United States mission to the United Nations said he had found the workshop an opportunity to see what he had been discussing for the last two years.

"It put some concreteness into the abstractness. Antarctica was presented to us at its best," he said.

Mr Richard Woolcott, Australia's Ambassador to the United Nations and the chairman of the Antarctic Treaty nations at the United Nations, said that the workshop gave him an opportu-

ity to have more contact with scientists and environmentalists who shared his concern for the Antarctic.

According to Ms Lee Kimball, of the United States Institute for Environment and Development, the workshop was useful for an environmental organisation.

She said she did not necessarily agree with Greenpeace that development should not be allowed.

"It should be done with strong environmental codes," she said.

Dr Fred Roots, of the Canadian Department of Environment, said that discussions had highlighted the fact that the treaty allowed countries interested in the Antarctic to pursue scientific programmes.

"Antarctica at present is a very productive continent. So much of our discussions down there were based on whether the treaty system makes possible the continuation of this flow of knowledge.

"Is it properly accessible? Are the other countries ready to absorb the knowledge and appreciate it," Dr Roots said.

Dr Yoon Kyung Oh, the director of the Office of Legal Affairs in the Republic of Korea, said that the treaty should be open to countries regardless of their social or political system.

He said the Korean Government would be continuing its Antarctic marine research and was willing to accede to the treaty.

New Fund Urged

Wellington THE EVENING POST in English 15 Jan 85 p 5

[Text]

Sources

World environmental groups have asked several countries — including New Zealand — to forfeit a fighter plane each to raise money for a new Antarctic fund.

The request came from the Greenpeace and Antarctic and Southern Ocean Coalition (Asoc) groups at last week's workshop on Antarctica held at the remote Beardmore Glacier in Antarctica's Transantarctic Mountains.

Suggest

The special fund should contain about \$100 million the organisations suggest.

It would be used to pay for things like a secretariat for the Antarctic Treaty, an Antarctic environmental protection agency, also proposed by Greenpeace and Asoc, a management system for protected areas on the continent and Antarctic research, including that done by Third World countries.

Visit

Mr Jim Barnes, the Greenpeace representative at the United Nations and executive director of the Antarctic Project in the United States, visited Wellington yesterday on his way home from Antarctica.

He told the "Post" there was not enough money coming from governments to pay for such things.

Greenpeace and Asoc believed it might be possible for a non-governmental agency, like the Scientific Committee on Antarctic Research (Scar) or the International Union for Conservation of Nature and Natural Resources (IUCN) to set up the fund.

Money could come from a number of sources including grants from any government, international foundations and individual citizens.

"We would ask governments themselves, the Antarctic Treaty consultative parties in particular, to channel money that they would otherwise spend on arms — one fighter plane apiece — into this fund," Mr Barnes said.

New Zealand is one of the consultative parties.

Mr Barnes said such a fund would be "most appropriate for the world's only completely demilitarised zone (Antarctica) to benefit specifically from having nations give up some of their arms which they would normally be wanting to build for use in other parts of the world."

He said the private response to the proposal in Antarctica last week was "very good."

Greenpeace and Asoc intended pursuing it further, he said.

Mining

Greenpeace International's Antarctic co-ordinator, Mr Roger Wilson,

was also in Wellington yesterday on his way back to Britain.

Both men said a workshop proposal for a 30-year moratorium on all minerals activity, including prospecting, in Antarctica, made by Australian scientist Dr William Budd, had the support of the environmental groups.

Messrs Barnes and Wilson said the main benefit of the eight-day workshop was in allowing people from different disciplines and countries to experience Antarctica and discuss ideas face to face in an individual rather than official capacity.

Main Outcome

A better understanding of the Antarctic and the value of the Antarctic Treaty was the main achievement of last week's workshop on the ice, says the head of New Zealand's Antarctic Division, Mr Bob Thomson.

Mr Thomson said he believed everyone gained from the exchange of views.

"We were all there in our private capacities and could speak freely without committing governments," he said from Christchurch yesterday.

The division head said he hoped a similar meeting could be held somewhere else in the Antarctic in a few years' time.

Mining Moratorium Sought

Auckland THE NEW ZEALAND HERALD in English 16 Jan 85 p 7

[Text]

The Government has been urged to press for a 30-year moratorium on mineral exploitation in the Antarctic.

The minerals ban was raised in talks in Wellington between the Minister for the Environment, Mr Marshall, and two members of Greenpeace who attended an international workshop on the ice continent.

Treaty Gap

The workshop, on a high altitude snowfield 700km from the South Pole, was run by the United States National Academy of Sciences to discuss the Antarctic Treaty, the 25-year-old pact which covers scientific research and bans all military and nuclear activity.

A regime on mineral exploitation and oil drilling in the forbidding frozen wastelands is being considered by the 16 treaty signatories, amid pressure from non-

treaty countries which want a say in management of the big southern land.

Mr Roger Wilson, international co-ordinator on the Antarctic for Greenpeace, said yesterday that the minerals regime was being promoted to "fill a gap" in the treaty.

"Everyone agrees there is little likelihood of anyone drilling or mining on the ice for years," he said.

"Since the imperative for the regime is political rather than economic, we think there is more than one way to incorporate the minerals issue in the treaty.

"The opportunity is there for New Zealand to push for a 30-year moratorium."

Mr Wilson said the polar talks included scientists and diplomats from non-treaty nations. This was encouraging for conservationists because more countries could get involved and make the treaty more of an international agreement.

CSO: 4200/532

NEW ZEALAND

JAPANESE LDP VICE PRESIDENT TO PAY VISIT

Auckland THE NEW ZEALAND HERALD in English 14 Jan 85 p 1

[Text]

Tokyo

The president of the National Party, Mrs Sue Wood, has invited Mr Susumu Nikaido, a controversial Japanese right-wing politician, to New Zealand.

Mrs Wood, in Tokyo attending meetings of the Pacific Democrat Union, said Mr Nikaido had accepted the invitation and was likely to visit New Zealand in July or August.

Vice-president of the ruling Liberal Democratic Party,

Mr Nikaido is a co-defendant of the former Prime Minister Mr Kakuei Tanaka, who is appealing against his bribery conviction in the Lockheed payoff scandal.

Mr Nikaido was not charged in the Lockheed case but throughout the proceedings the Japanese media referred to him as the most "grey" of many "grey officials" — borderline bribery suspects whose

record was neither black nor white.

He is universally regarded as among the top four most powerful Japanese politicians, providing a direct channel of communication between Liberal Democratic Party bosses and Mr Tanaka, the kingmaker who thrust Mr Yasuhiro Nakasone into the prime ministerial post.

Mrs Wood has also met Mr Nakasone and the Foreign Minister, Mr Shin-taro Abe, who will accompany Mr Nakasone to New Zealand on Friday on a two-day official visit.

"Mr Abe was very interested to talk about the nuclear issue and the question of the [Labour] Government's position," Mrs Wood said.

She said she could not comment further on the talks with Japanese Liberal Democrats because they were a party-to-party matter.

CSO: 4200/532

NEW ZEALAND

SWEDISH DISARMAMENT ENVOY PAYS VISIT

Auckland THE NEW ZEALAND HERALD in English 15 Jan 85 p 5

[Text]

The woman who leads the Swedish delegation to the twice-yearly meetings of the Committee on Disarmament in Geneva arrives today in Auckland at the start of a three-day visit to the country.

Ambassador Maj Britt Theorin will call on the Prime Minister, Mr Lange, during her brief stay.

Mrs Theorin, aged 52, is the chairwoman of the Swedish Disarmament Commission and has been a Socialist Democratic Party MP in the Swedish Parliament since 1971.

She will meet a United Nations group in Auckland today, accompanied by the chairman of Parliament's foreign affairs select committee and Government MP for Mt Albert, Helen Clark.

Tomorrow Mrs Theorin meets Foreign Affairs officials in Wellington, calls on Mr Lange in his Beehive office, meets the national consultative committee on disarmament and will dine with Mr Carister Sylven, the Swedish Ambassador.

Mrs Theorin arrives in New Zealand from Australia and will return home on Friday from Auckland.

CSO: 4200/532

NEW ZEALAND

ANALYSTS IMPROVE WELLINGTON'S COMPETITIVE RANKING

Wellington THE EVENING POST in English 14 Jan 85 p 5

[Article by Hugh Barlow]

[Text]

LONDON, Jan 14. — New Zealand has been ranked 15th out of 28 industrial countries in a survey of international competitiveness.

The ranking, given in the annual report of the independent Swiss-based European Management Forum (EMF), is three better than last year and places New Zealand one place behind Britain and marginally ahead of Australia.

The report says New Zealand has a serious problem with "dynamism of the economy," something which lately had become a relatively strong point in Australia.

New Zealand and Australia are given low marks for "industrial efficacy" — a category based on labour costs, productivity and profitability — and are said to suffer from too much state interference.

They are also said to be wanting in "outward orientation," a category which includes foreign trade and investments and attitudes.

Both countries are, however, given high marks for natural resources.

Topping the list as the most internationally competitive country was the United States, with Switzerland and Japan close behind in second and third places followed by Denmark, Sweden, Canada and the Netherlands.

At the bottom were Spain, India, Mexico, Portugal and, worst of all, Greece.

The EMF report covers all member countries of the Organisation for Economic Co-operation and Development (OECD) and a selection of newly industrialised nations.

It analyses and compares the competitive strengths of the business environments of each country on the basis of 302 criteria ranging from production costs to socio-political stability.

Of the 302 criteria, 211 are based on statistics from such organisations as the OECD, the United Nations, the World Bank and the International Monetary Fund. The remainder are based on answers to a questionnaire given to "corporate executives and leading economic personalities" from each country concerned.

CSO: 4200/532

NEW ZEALAND

LANGE CONDEMNS SRV INCURSIONS INTO THAILAND

Auckland THE NEW ZEALAND HERALD in English 15 Jan 85 p 5

[Text]

NZPA Wellington

The Prime Minister, Mr Lange, yesterday condemned the incursion into Thailand of Vietnamese troops pursuing Khmer resistance forces.

Mr Lange called on the Vietnamese to respect the territorial integrity of Thailand and withdraw its forces from Kampuchea.

He was commenting in a statement on reports that Vietnamese troops had entered Thai territory several times since the current dry season offensive began on November 18 last year. The Minister of Defence, Mr O'Flynn, is due to hold talks with Thai leaders tomorrow to discuss military co-operation.

Mr O'Flynn's arrival in Bangkok begins four days of talks with Thai leaders, including the Prime Minister, Prem Tinsulanonda, the military supreme commander, General Arthit Kamlang-Ek, and other Thai leaders.

On Wednesday, Mr O'Flynn plans to visit the sprawling refugee camp at

Khao-I-Dang, near the Kampuchean border, where wounded civilians and guerrillas are being treated by International Red Cross officials.

Western diplomats in Bangkok are reported to have said Vietnam has kept up to 180,000 troops in Kampuchea since toppling the Chinese-backed Khmer Rouge Government in Phnom Penh six years ago.

Mr Lange said the New Zealand Government condemned the Vietnamese attacks and said the problems of Indochina would not be solved by force.

"My Government believes that a comprehensive political settlement is the only way to bring lasting peace and stability to Indochina and guarantee self-determination for the Kampuchean people," said Mr Lange.

Towards this end, the Government would continue to support the efforts of ASEAN countries to find some common ground with Vietnam and set the scene for a comprehensive settlement.

CSO: 4200/532

NEW ZEALAND

CONSERVATIVE GROUPS OPPOSE PROPOSED BILL OF RIGHTS

Auckland THE NEW ZEALAND HERALD in English 16 Jan 85 p 1

[Text]

The Government's planned bill of rights already appears headed for trouble, even though the measure will not surface in public until March.

Some of the conservative groups which provoked uproar over the Government's ratification of the United Nations women's convention are moving to attack the proposed bill of rights.

And, there is doubt whether the parliamentary Opposition will support the document. Some National MPs favour it, others do not.

The architect of the bill of rights, the Attorney-General, Mr Palmer, says the measure cannot be passed without widespread public approval and the support of the Opposition.

If the fury of the debate over the women's convention is a guide, the bill of rights could face bitter and carefully planned attack.

UN Covenant

The bill will be based on the United Nations Covenant on Civil and Political Rights. It will be a document to limit the power of the state, and laws passed by Parliament which infringe its clauses could be rejected by the courts.

It will detail fundamental rights, among them freedom of religion, speech, assembly (the right to protest) and association (the right to join organisations such as unions).

The document is expected to be tabled in Parliament in draft form with a white paper in March. It will be studied by a parliamentary committee for at least a year before being taken further.

Battle Plan

The women's convention, which the Government ratified last month, was subjected to determined and vociferous opposition from conservative and fundamentalist Christian groups with well-planned tactics which surprised supporters of the convention.

A leader of the anti-convention forces, Mrs Connie Purdue, of Women for Life, said her organisation would battle the bill of rights.

Mrs Purdue said communist countries had bills of rights. Anything not allowed in such a document was illegal, and she had heard that Mr Palmer's measure would have references to euthanasia.

She said Women for Life might invite an opponent of the Australian Government's bill of rights scheme, Professor Lachlan Chipman, to New Zealand.

The League of Rights, which has more than 1000 supporters, fought the women's convention with a letter-writing campaign and a petition to the Governor-General. It is preparing for a major campaign of opposition to the bill of rights.

NZ Heritage

The national director of the league, Mr Bill Daly, said his organisation was very anti-United Nations, and, as the bill of rights was based on a United Nations document, the league was 100 per cent opposed.

Mr Daly said the bill of rights would undermine New Zealand's heritage of British common law.

The MP for Remuera, Mr Doug Graham, a member of a National Party caucus group formed to study the bill of rights, said some Opposition MPs including himself, wanted the measure, but others, including the Leader of the Opposition, Mr McLay, were lukewarm.

Mr McLay has said the document could lead to politically appointed judges, because courts would be able to strike

down legislation which infringed the bill of rights.

That argument is rejected by Mr Graham: "I would rather have my rights protected by judges than politicians. The sooner we get a few safeguards, the better."

Unrelated

He said New Zealand was probably the only single-chamber democracy without a bill of rights, and he would need convincing that such a document was not a good idea.

Mr Palmer says the bill of rights is nothing to do with the women's convention issue.

"The bill will be of no use unless there is wide public support. If the Opposition decides to fight it tooth and nail, it will be in bad trouble."

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NEW ZEALAND

O'FLYNN TALKS IN BANGKOK VIEWED

Auckland THE NEW ZEALAND HERALD in English 16 Jan 85 p 6

[Editorial: "An On-the-Spot Survey"]

[Text] As Minister of Defence and Deputy Foreign Minister, Mr O'Flynn should find his visit to Thailand this week useful. Talks with military and political leaders in Bangkok and a visit to the troubled Thai-Kampuchean border should afford a personal appreciation of the Vietnamese offensive in Kampuchea and resultant refugee pressures on Thailand.

Mr O'Flynn's conversations and inspections should also help to equip the Government for its reception in Wellington early in March of the titular leader of the Kampuchean resistance, Prince Sihanouk. New Zealand has pinned its faith on some political settlement in Kampuchea, although it seems as elusive as ever, and on a part in it for the loose coalition which Sihanouk heads.

In ascending order of size and strength, the three elements in that coalition are the Sihanoukists, the Khmer People's National Liberation Front (both of them anti-communist) and their bestial Marxist bedfellows, the Khmers Rouges, whom the Vietnamese overthrew in 1979.

It is, however, the liberation front whose guerrilla troops and civilian camp-followers have lately been taking the severest pasting from the Vietnamese invaders propping up the puppet Phnom Penh administration of Heng Samrin.

In 1970, the year he was deposed by right-wing forces, Sihanouk joined a united front with Pol Pot's Khmer Rouge. He has since said that no one then imagined they were "monsters, thirsty for Khmer blood" and he does not conceal a loathing for Pol Pot and his creatures. Yet the prince fears even more the prospect of Kampuchea's becoming a Vietnamese colony.

Sihanouk is reported lately also to have experienced much friction with the third faction in his coalition, the embattled liberation front. Its leader is a former Cambodian premier, Son Sann, who himself visited New Zealand last April. New Zealand subsequently granted \$30,000 for humanitarian relief supplies for liberation front camps on the Thai-Kampuchean border.

Before proposing any like aid for smaller, strictly Sihanoukist-royalist camps, Wellington's Asian desk will surely seek assurances that, though strained internally and militarily, the coalition is not unravelling. It may also need guarantees that, despite shared Chinese sponsorship, the Khmer Rouge remains at arm's length.

Here, Thai advice could be particularly helpful, notwithstanding that kingdom's membership of Asean, the group of neighbouring nations which is the resistance coalition's godparent. Mr O'Flynn is also reported to be discussing "military co-operation" with Thailand. Such co-operation would not be novel; but the minister's colleagues and countrymen will be curious.

CSO: 4200/532

NEW ZEALAND

MULDOON WARNS ON INFLATION, PRICE CONTROLS

Christchurch THE PRESS in English 16 Jan 85 pp 1, 4

[Article by Michael Hannah]

[Text]

Double-figure inflation will continue for the term of the present Government, forcing price controls in the next year and jeopardising future wage rounds, according to the former Prime Minister, Sir Robert Muldoon.

Sir Robert last evening predicted that high inflation, interest rates and the short and medium-term prospects for lamb would be the "biggest worries" for 1985.

Sir Robert said he would not be able to produce a policy that would rectify these problems in the short-term, if he were to resume office at the present time.

In particular, he believed the lack of an agreement with trade unions to take income tax cuts as compensation for price rises resulting from the proposed goods and services tax would lead to a "massive" increase in the wage-price spiral.

He considered the Labour Government was no more able to get such an agreement with the unions than his Government had been before it legislated a wage-tax trade-off and imposed the price freeze.

Delivering his annual "state of the nation" speech to the Orewa Rotary Club, Sir Robert ridiculed Treasury predictions of a 4.5 per cent wage round later this year. Decisions

the Government had made so far led him to the conclusion that the Government would find that a re-imposition of wage and price control in some form became essential as an alternative to runaway inflation.

He maintained this was exactly the opposite of what would have been the case had there been no change of Government.

Sir Robert referred throughout his speech to the goods and services tax as a "value-added tax." Looking at wage rounds this year and next, by when the G.S.T. would be implemented, he predicted a huge increase in inflation without an agreement with trade unions to accept tax cuts as a trade-off for wage rises.

This year, he said, prices would be "well away" by the time of the wage round due in September-October. He described as "an exercise in fantasy" a Treasury prediction of a 4.5 per cent wage round when the June inflation rate would be 15 per cent or more.

The wage round would flow into the consumers' price index early in 1986, the year the G.S.T. would be implemented.

"Perhaps the biggest problem is the fact that if we move \$1000 million from personal income tax to an indirect tax, we increase the price of goods by \$1000M, and that goes into the con-

sumer price index. The reduction in personal income tax does not," he said.

"We tried for years to get the Federation of Labour to agree that in these circumstances, no wage increase should come because of the increase in the consumer price index.

"We have been informed that no move has yet been made to get such an agreement in respect of V.A.T.

"Unless there is agreement on this, we will get simply a massive increase in the wage-price spiral."

Sir Robert forecast that double-figure inflation would then continue for the term of the present Government. He rejected arguments that reductions in the Government's internal deficit would help reduce inflation, as he considered the deficit had less impact on inflation than did wages and other direct costs.

Turning to interest rates, he maintained that reviews of house mortgage rates recently were forcing a considerable number of houses on to the market because home-owners could no longer afford their mortgage commitments.

The relaxation of interest rate controls had resulted in higher rates which were having other adverse effects, he said.

These included the effects on farms, no longer receiving subsidies and so becom-

ing uneconomic to run. Small businesses would be similarly affected, as would expansion plans for small and medium businesses. In some cases, this would be coupled with the increased price of imported plant and machinery caused by devaluation.

House and farm prices would be depressed as a result, in some cases to the point where the lender would no longer have an asset value equal to the total amount of his loan, all the buyer's equity having disappeared and a bit more, he said.

The outlook for lamb exports also worried Sir Robert.

"We must be very worried about the short and medium-term future of lamb, where we have potentially a very large overhang."

Yet the longer term projections were for a market for more lamb than New Zealand now produced.

He rejected arguments for a floating of the New Zealand dollar, even a managed float.

A free float was too dangerous for a small economy, and Sir Robert maintained that experience in the United States showed that floating the currency did not rectify the external deficit, as theory suggested.

On devaluation, he repeated his arguments that it was not working.

CSO: 4200/532

NEW ZEALAND

MEAT, WOOL INCOME DOWN, OUTLOOK BRIGHTER

Auckland THE NEW ZEALAND HERALD in English 16 Jan 85 p 7

[Article by Peter Freeth]

[Text]

Meat and wool farmers head into a new year with net incomes well down but with their prospects enhanced by higher production and some benefit from devaluation.

Economists said yesterday that, although many producers were struggling financially, a significant proportion would be in a parlous state were it not for the good autumn, winter and spring in 1984.

As it is, the national lambing percentage is estimated to be not far short of 104 — one of the few seasons in which it has exceeded 100.

Wool weights are well up and livestock generally are in good health.

The director of the Meat and Wool Boards' economic service, Mr Neil Taylor, yesterday predicted an improvement in both farm investment and real income levels this year, although farm costs were expected to lift over the season.

Plentiful

Beyond that, economists see the prospects as not so good as the provisions of the 1984 budget begin to bite and farmers feel the effect of the cessation of subsidies and concessions.

Sheepfarmers and dairy-men in the top half of the

North Island are still experiencing plentiful pasture growth, resulting from warm weather combined with adequate rainfall.

But the Wairarapa is very dry and it is dry, too, in Hawkes Bay and in parts of Canterbury.

Reviewing the 1983-84 season, the board's economic service says that, although the weather was good for farming across the whole country, production levels fell, reflecting the severe drought of the previous season.

SMP Levels

Gross income on sheep and beef farms fell and farm investment, while improving, was still at a relatively low level.

Returns for wool, lamb and mutton remained at levels set under the Government's supplementary minimum prices scheme,

necessitating a large subsidy payout on lamb and mutton but much less on wool because of a 40c a kilogram rise in the average market price.

In contrast, market prices for beef remained above SMP levels throughout the season.

With lower production and a rise in the amount spent on farm reinvestment, including fertiliser, net incomes a farm fell 12 per cent, the provisional average figure being \$20,500.

With partnerships or group ownership of properties taken into account, the net income a farmer was much lower than that — \$11,600.

Mr Taylor yesterday described 1983-84 net farm income in terms of what it would buy as being at the lowest level since 1975-76.

Prospects

In real terms, he said, the 1983-84 figure was 55.7 per cent of the 1975-76 level.

Mr Taylor said prospects for the 1984-85 season were for higher farm production, reflecting the more favourable weather of last season.

Wool production was expected to increase 7 per cent and both lamb and beef 5 per cent.

As they enter the new year farmers are encountering markedly improved returns for both wool and beef, both products being well clear of Government-guaranteed levels.

With devaluation, market returns for lamb have also improved, but they still require a subsidy to bring them up to Government-guaranteed level, and the economics of mutton production are still very gloomy.

CSO: 4200/532

NEW ZEALAND

GREENPEACE ANTINUCLEAR LETTERS FLOOD PM'S OFFICE

Christchurch THE PRESS in English 15 Jan 85 p 4

[Text]

PA Wellington

A letter-writing campaign against the French nuclear tests has so overloaded the office of the Prime Minister, Mr Lange, that he has announced that authors would no longer get individual replies.

Instead, one general reply had been sent to the organiser of the campaign, the Greenpeace environmental organisation, which has so far had more than 4000 people urge Mr Lange to take direct action to halt the French nuclear testing programme in the Pacific.

Cabinet Ministers tried to answer all the letters they received but when the Greenpeace campaign brought letters and postcards into Mr Lange's office by the hundred each day, he had asked the Ministry of Foreign Affairs to reply on his behalf. Mr Lange said that most of the postcards and letters in the campaign had specifically urged the

eviction of the French Ambassador from New Zealand and the banning of French warships from the nation's ports until the tests were stopped.

But his reply through the Ministry of Foreign Affairs pointed out that the eviction of the French Ambassador would be followed by the eviction of the New Zealand Ambassador in France.

"This would clearly be to our disadvantage as it would deprive us of a permanent channel for conveying our protests to the French Government at the highest level," said the reply.

On ship visits, the letter said that there was no intention of departing from the practice of welcoming visits by naval vessels of friendly powers, providing the Government's ban on port visits by nuclear armed or powered vessels was respected.

Proposals for visits by French warships would be considered on an individual basis.

Mr Lange said that it was mainly through the determined action of the previous Labour Government in sending a New Zealand frigate to the French testing zone and in taking the issue to the World Court with Australia and Fiji that the French had been forced to go underground for their tests.

Mr Lange said he had received many other letters from individuals and groups calling for an end to French testing in the South Pacific.

"It is clear from my mail that New Zealanders in general are strongly opposed to the French tests and would like to see them stopped," he said.

"In pressing for the cessation of French testing, the Government is reflecting the views of virtually all New Zealanders."

CSO: 4200/532

PHILIPPINES

COLUMNIST VIEWS U.S. DILEMMA AS COST OF SUPERPOWER

Manila BULLETIN TODAY in English 19 Jan 85 p 4

[Commentary by Benedicto David: "Shades of the 'Guy'?"]

[Text] During a lunch with the Foreign Correspondents' Association of the Philippines Thursday, Labor Minister Blas Ople underscored the possibility of American intervention in the coming two elections.

By that he meant aid to the opposition by some sectors of the American government. He did not, of course, mean American support for the current administration for that would come under the heading of "aid" or "treaty obligations" to the government of the Philippines from the government of the United States.

Thus, it would seem, American financial, military and other support for the current government would be welcome whereas any help given by Americans to the opposition would constitute gross interference in the internal affairs of the sovereign state of the Philippines.

The sort of warning sounded very much like thoughts aired by nationalist groups during the campaign which saw the election of Ramon Magsaysay as president of the Philippines to succeed the nationalistic President Elpidio Quirino who was portrayed in a book as the target of American efforts to set the stage for Magsaysay's election.

It is a matter of fact that the Quirino government had lost most of its popularity and a great deal of its credibility because of what would not be described as "penny-ante" operations involving the disposition of surplus property and a few other scandals. It is also a matter of fact that Mr Quirino did not die a Filipino Croesus. Indeed, in retrospect, he was a fairly good chief of state who started such projects as Iligan Steel Mills complex and the Maria Christina hydro-electric project to supply power for the basic steel industry which he rightly felt should be the basis for future Philippine industrialization.

Few people will disagree that President Magsaysay had his role to play in the historical development of the country. He was the symbol of the people. He opened the doors of Malacanang to the people and the average Filipino

trusted him. If he made mistakes, he would admit them and simply state that he was also human. We do not know any mistake, however, that he committed twice.

For Magsaysay, despite his being partly the result of "intervention" on the part of the American government, did restore the concept of the government being the agent of the people and not its ruler. He restored faith in the democratic way of life at a time when hunger, gross injustice and abuses threatened to turn the people's anger into open support for the Huks who were practically at the gates of Manila.

We wonder if there is a chance that the Magsaysay story could be repeated 30 years later. The situations, of course, are not exactly the same, but there are similarities which we feel we do not have to go into. They should be fairly obvious.

We sympathize with Washington in this case because it is a damned-if-you-do and damned-if-you-don't situation. If Washington keeps supplying the government with weapons, it will be considered as supporting the government. If it does not, it will be interpreted as not fulfilling treaty obligations.

If it gives open or covert aid to the opposition, it is interfering in the internal affairs of the Philippines as a sovereign state. If it does not, it will be blamed for not moving to restore democracy to the Filipino people.

This, we suppose, is the cross that superpowers have to bear. In the global context of confrontation between two ways of life, the United States has to support the efforts of the government to contain the NPA. In the same way, the Soviet Union has to keep supporting Cuba despite the terrible expenses involved.

But then, they want to be superpowers--and, therefore, they have to pay the bills. It goes with the position.

CSO: 4200/514

PHILIPPINES

COTABATO: U.S. AID WELCOME, BUT MISDIRECTED

Cotabato City THE MINDANAO CROSS in English 19 Jan 85 p 4

[Editorial: "Wrong Bark, Wrong Tree"]

[Text]

Washington, or the United States Government, is worried about the growing threat of communist-oriented rebellion in the Philippines. It is seriously considering the increase of military aid to improve the striking power of the Armed Forces of the Philippines.

President Marcos, in his "on-the-record" state of the nation address, appealed to the opposition to cooperate in solving the rebellion and subversion problems. The appeal must also be directed to the nation as a whole.

Washington's concern is well appreciated; assistance must be welcomed. But it should be the right assistance, one which will help remove the roots of the rebellion. A basically socio-economic and political problem can not be solved militarily. Vietnam, Laos, and Latin America present convincing examples.

Economic and social neglect, if not exploitation; political hypocrisy of the party in power; and various forms of injustices

and abuse of human rights are the roots of the present rebellion and subversion. A discontented and disenchanted people in the rural areas readily accepted the alternatives offered by the subversives. And are still accepting.

President Marcos and Washington should address themselves to these roots of subversion and rebellion. The battle is in the hearts and minds of the discontented and disenchanted people.

As President of the Republic of the Philippines since 1965, President Marcos ought to have known how the local leaders by their neglect, indifference, hypocrisy and exploitation alienated the countrysides. And he ought to have known where the national government had failed the local leaders.

The opposition leaders are not the links to the people in the countrysides; rather, it is the local leaders — the mayors, the barangay captains and others. It is they to whom President Marcos should appeal for cooperation. But what is there to cooperate in?

President Marcos and the KBL administration must first win back the minds and hearts of the people. But this cannot be done with press releases, with information drives, with radio and television speeches. The rural people may have long stopped reading and listening. Only by giving the people what they rightfully ask, providing what they truly need, and respecting their rights can the government win back the minds and hearts of the people from the CPP and NPA.

It is in the winning back of the hearts and minds of the discontented and disenchanted people that Washington should assist the Philippines, if such assistance is welcomed. The battle for the minds and hearts of the people does not require the spilling of blood. President Marcos should not use military force; military assistance from Washington is not necessary.

As it now appears, Washington is making the wrong bark and President Marcos is barking at the wrong tree.

CSO: 4200/514

PHILIPPINES

KIDAPAWAN BISHOP CITES OBSTACLES TO PEACE IN COTABATO

Cotabato City THE MINDANAO CROSS in English 19 Jan 85 pp 1, 12

[Text] In a public symposium on peace aired last Wednesday morning over Radio Station DXND based in Kidapawan, Bishop Orlando Quevedo, OMI, DD of the Diocese of Kidapawan, presented a three-point assessment on peace situation in the Cotabato Province, then North Cotabato.

Bishop Quevedo cited increasing poverty, militarization and constant violation of the basic human rights as deterrent to the peace condition in the area.

The bishop said the deteriorating peace and order has further increased poverty due to economic dislocation aggravated by frustration and hunger. "They feel they are not in control of their lives as effected by poverty," he stated. This in itself complicates the attainment of peace in the region.

He also pointed out that many people are caught in a cross-fire as the government and enemy troops increased their military activities. He said both sides have expanded their militarization which contribute to the breakdown of peace and divide the people's loyalty for fear of their lives and properties.

The continuing militarization is reflected through salvaging, ambushes, hamletting and other modes of terrorism.

He expounded that the elements' constant violation of the basic human rights both by the rightist and leftist forces unlikely contribute to the quest for peace. He pointed out cases of extortions and other criminalities left unsolved resulting to family dislocation and public dissent.

To attain peace, the bishop stressed that all sectors must be concerned in ordering the structure of society for the common good based on justice. He injected the four pillars essential for peace: truth, justice, freedom and love which is the most basic.

Representing the military sector, a certain Col Tolenada expressed the role of the military on counter-insurgency "but with the cooperation of the constituents."

Upon his assumption to duty in the province three months ago, the colonel noted the deteriorating peace and order citing the imposition of curfew in Kidapawan as a sign of abnormality.

He, however, expressed hopes of support from the people in their drive against lawlessness. He said the pulong-pulong in the baranggay level contributed much in creating awareness among the residents on their role in the peace and order campaign.

Through workshops, the people were made aware of the modus operandi of the subversive elements whose motives are treacherous and misleading. The people were made to understand the infiltration process adopted by the lawless groups so the people can adopt counter-insurgencies.

The recent cooperativeness of the people helped the military in solving or aborting some crime attempts. Liquidation and robberies were recently minimized as the people reported the presence of armed groups citing the capture of one under a certain Commander Tommy. While the leader managed to escape, their firearms were confiscated and two were believed to have been hit as evidenced by traces of blood.

Another case of people's cooperation was last January 14 when the military troopers intercepted a group of extortionist led by Commander Jackson.

The colonel emphasized that military and civilian rapport can greatly restore peace and stability in the province.--rmt

CSO: 4200/514

PHILIPPINES

GENERAL DUMPIT MEETS WITH TRIBAL VILLAGERS

Baguio City THE GOLD ORE in English 19 Jan 85 p 3

[Article by Ben Moga]

[Text]

BONTOC, Mt. Province — For the first time in many years, the almost forgotten tribesmen of Dandanac and Tamboan, two adjacent far-flung inaccessible villages of Besao municipality in this province and close to the jungle borders of Ilocos Sur and Abra, were given special attention and assured of government full support to speed up socio-economic development services that address the felt needs of cultural minorities in this part of the country;

Bringing the government closer to the mountain tribes, Brig. Gen. Tomas Dumpit, RUC 1 Commander and concurrent regional presidential monitoring officer, helicop- tered January 10 to Sitio Dandanac making him the first highest military officer to set foot in that interior part of Igorotlandia and to hold a personal dialogue with the natives that lasted for more than three hours. He found the place very peaceful and the rural folk receptive to government programs.

He was accompanied by Provincial PC Commander Lt. Col. Leon Badival, IGHQ Battalion Commander Lt. Col. Roderico Castro, Besao Mayor Arthur Calixto and local representatives of government agencies.

While the villagers did not openly object to the stationing of government combat troops in the area, they appealed to military authorities to discipline their men of habitual drunkenness and alleged self-inflicting incidents later blamed on the enemy which can create bad-impressions of the whole organization. This prompted Col. Castro to reiterate the government policy of discharging scalawags from military service. Two men were recently dismissed for having committed similar offenses, he said.

On the priority needs of the people, local leaders headed by Barangay Captain Agui- naldo Digyawe asked the implementing arms of the government to construct an

all-weather road directly connecting Besao Poblacion to Dandanac. Pathway widening was also recommended because local farmers face difficulty in bringing to market their excess farm products. The absence of irrigation systems, aggravated by lack of agricultural skills and inability to combat plant pests have also accounted for low productivity.

Potable waterworks system was cited as another urgent need of the residents. At present people draw drinking water from open wells, unsafe and stagnant breeding places for mosquito carriers of malarial disease now spreading in the locality.

Other problems were immediately solved like the cementing of *atos* or barangay halls. Mayor Calixto announced the availability of 60 bags of cement coming from the Ministry of Local Government. Gen. Dumpit approved the use of the military chopper for hauling the cement directly to Dandanac.

Needed tilapia fingerlings and narra seeds will also be delivered soon by the Bureau of Fisheries and the Bureau of Forest Development, respectively.

The military donated some sports equipment while free educational movies will be provided by the National Media Production Center.* NMPC, Bontoc, Mt. Province

CSO: 4200/514

PHILIPPINES

EDITORIAL WELCOMES TENSION-EASING MEASURES

Manila BULLETIN TODAY in English 19 Jan 85 p 4

[Editorial: "Easing Tensions"]

[Text]

THE move of the Ministry of Justice, taken at the initiative of the President, of asking for the dismissal of the subversion charge against ex-Sen. Jovito Salonga will ease the tensions generated by politics.

It is easy to imagine what would have happened if the move had not been taken. Mr. Salonga would be tried and the trial and the incidents of the case that might crop up would generate more political tension and deepen the polarization of the political forces. The Salonga case would be a hot issue.

The study being made to amend the Articles of War in such a way as to

provide for stiffer penalties for erring soldiers as well as the sincere campaign against military abuses in the countryside are also tension-easing measures. They tend to minimize the controversies surrounding the conduct of government.

The measures taken so far have established a pattern which describes the creation of a political situation that gives full play to legitimate political activities without endangering the democratic institutions.

They comprise no less than the President's response to speculation that the political processes in the near future will be marred by violence or other unconstitutional methods.

Such speculation gravely underestimates the capability of the leadership to protect the nation and the Constitution.

We think that in the near future, more tension-easing measures will be taken and we can be sure that the public will respond in kind.

The relaxation of tensions has a special sig-

nificance. They are in aid of the production of goods and services — of the entire gamut of economic activities.

People can decide better and work better in an atmosphere of peace and under the rule of law. Given that factor, economic recovery will not be a formidable problem.

CSO: 4200/514

PHILIPPINES

COJUANGCO KIN FIGHTS FOR OPPOSITION IN TARLAC, MANILA

Quezon City ANG PAHAYAGANG MALAYA Sunday Supplement in English 20 Jan 85
pp 12, 13

[Interview by Cristina P. del Carmen-Pastor with Jose Cojuangco Jr.,
Tarlac PDP-Laban Leader--"Jose Cojuangco Jr: Kingmaker of the Opposition?"]

[Text]

Jose Cojuangco Jr. agreed to Sunday Malaya's request for a post-holiday interview, even as his beauteous wife Ting-Ting (who arranged an appointment for us) insisted "Peping would rather remain behind the scene."

And so we caught a dapper-looking Peping in a huddle with partymates after a PDP-Laban press conference at the Cojuangco building in Makati. "He's always in the stables," Ting-Ting said when we asked why her husband hardly showed up in his office. "Oh, he loves horses," she added.

Actually, I run the central in Tarlac," said Peping, now seated in a swivel chair, and groping for his cigarettes. The press conference was over and he suggested we hold the interview-pictorial in his 7th floor office. "It is my brother Pedro who's in charge of Manila."

Cory Aquino's younger brother was in public service for 14 years, starting in 1955 when he was elected councilor of Paniqui, Tarlac, and ending in 1969 when he was re-elected to Congress. That time, Peping was challenged by, and won over, cousin Eduardo "Danding" Cojuangco (now Tarlac KBL's party chief) for the congressional seat.

"That was some crazy exercise," Peping mused, quietly puffing smoke in the air. He refused to elaborate on what he meant.

"People always say I'm a natural politician because I'm a product of the Sumulong and the Cojuangco families," he shook his head. "I'd rather be a private citizen." The Sumulongs, his mother's family, were the more politically-inclined than the Cojuangcos, he said. The late former Senator Juan Sumulong was his grandfather; two of his uncles were lawmakers Lorenzo and Francisco. On the Cojuangco side, it was only his father, Jose Sr., who became a public official.

Peping was a young graduate of Economics from the Holy Cross College in Massachusetts when he became councilor of Paniqui. "The people said politics was in my blood, so they filed my certificate of candidacy," he smiled. After seeing "I could do something," Peping ran for mayor and even became president of the Tarlac Mayors League.

The people spoke again, he said: they wanted him in Congress. He served two terms, then retired from politics in 1969. "I thought I had done my part," he reasoned out.

Events took a sharp turn when his brother-in-law Ninoy was assassinated. Peling felt sugar-farming should take a backseat. He joined PDP-Laban last year "to help the opposition dismantle one-man rule in the country," and vowed "to activate" himself in politics. "Everybody else was doing their bit for Ninoy. I might as well do my bit too, although I'm more of a farmer than a politician," Peling said.

As PDP-Laban secretary-general, Peling helps plot party strategies, implement party objectives, and develop grassroots politicos into leaders of national stature. It was Peling, some say, who plucked Aquilino Pimentel from the political arena of Cagayan de Oro, and with sweet sugar money "polished" him until he was ripe for the "center of power" battle. Peling was, to some political analysts, "kingmaker of the opposition."

Now 50 but looking much younger, Peling clarified these allegations in the following interview, at the same time spelling out PDP-Laban's stand on other matters of public interest. His 20-year marriage to Margarita "Ting-Ting" de los Reyes, a political activist in her own right, produced five pretty daughters, Lia, Josephine, Maikee, Mai Mai, and Tsina. He would have wanted, Peling added, to master in economics at Harvard, but guess what happened? "I got involved in politics," Peling chuckled.

SUNDAY: What is your concept of a national unification committee and how is it different from the UNIDO-based NUC that we hear so much about today?

Jose Cojuangco Jr. (JCJ): The concept of the NUC is for provincial chapters to form their own unification committees. The function of the NUC is to referee in cases where the provincial unification committees cannot be formed.

Now, the reason I said in the press conference that the NUC concept papers were not yet finished was that one question had not yet been answered: who will be members of the NUC? As far as I can remember in the NUC's first meeting, Assemblywoman Cecilia Munoz Palma proposed that no one with presidential aspirations should be

a member of the NUC. We have yet to come out with a formula on who will be members of the NUC.

What I've noticed is that efforts to unite the opposition have always been done in Manila. In the last Batasan elections, I noticed too that the opposition in the provinces could easily unite. Maybe there are factors involved. For one, the national leadership is at stake here.

Once the opposition in the provinces is united, we can call for a national convention where we can establish a core of leaders which will compose the ruling body for the opposition.

SUNDAY: Briefly, what are the principles of the PDP-Laban?

JCJ: PDP-Laban is for a federal system of government, and for more local autonomy. There are conflicting laws among regions in the Philippines. To achieve democracy, we have to do away with the old system. The old system or the original framers of the 1934 Constitution really centralized powers in the hands of the President. From the time of Quezon, we have had some kind of virtual dictatorship, only Marcos formalized it.

When I was in Congress, there would be instances in which an administration bill would be passed but it would not be suitable for my region. But because it was proposed by the President, we had to follow. For instance, I had some guests from Mindanao up in Tarlac, they looked around the hacienda and asked. How come all your women were working? Where were the men? I said some of them were outside, some had other things to do. In the culture of the south, they said, the men worked and the women stayed home. Now, because of the differences in culture, how can you approve national laws regarding labor?

What would be centralized, if the PDP-Laban had its way, would be just the monetary system, the foreign relations policy, or maybe the armed forces. This way, we can suit the laws to the conditions prevailing in a certain area.

SUNDAY: How serious is the rift dividing the opposition?

JCJ: Marcos propagandists are insinuating that the opposition is divided.

That is not true. What they are seeing is democracy at work. We are united in one thought, and that is we have to change this Marcos system if we are to see a better Philippines. The venue to take, that is where we differ.

SUNDAY: If you view this process as democratic, why don't you let all those who want to become President run for President?

JCJ: Nobody's stopping them.

SUNDAY: Then why the effort to unify the opposition in one slate?

JCJ: That is the clamor of the people. Personally, for me the effort to unify is just for purposes of a dialogue, so we can put things together.

SUNDAY: Why did the PDP choose to merge with Laban among the opposition parties?

JCJ: I have no idea. I joined PDP-Laban when they had already merged. I was a Laban member in 1978, when Ninoy ran for the Batasan and I found myself getting involved again in politics. PDP-Laban merged in 1983.

SUNDAY: What do you do as secretary general of PDP-Laban?

JCJ: I run the day-to-day affairs of the party, like the scheduling of National Council meetings, and the implementation of party resolutions. I call for press conferences like this one. In our party, these are delegated to the secretary-general rather than to the chairman.

SUNDAY: How much of the Cojuangco sugar money is sunk into PDP-Laban?

JCJ: No, no, no, that's not true. The PDP-Laban is a very inexpensive party. We try to follow our ideology; our objectives are self-supporting. The officers of the party are actually the servants of the members unlike in other political parties where they are the leaders. In our party, too, the officers can be replaced at any time if they are found to have violated party principles. There's no such thing as tenure of office.

SUNDAY: Your sister Cory (Aquino) said in a magazine interview that as far as politics is concerned, the Cojuangcos are generous with their resources. Is this true?

JCJ: (laughs) I don't know. Why don't you ask her?

SUNDAY: It has been the observation in some quarters that Aquilino Pimentel seems to be PDP-Laban's fair-haired boy and most likely presidential bet.

JCJ: Actually, he's our national chairman. We have other members who are also aspiring. We have Monching (Mitra) and Tito (Guingona). We agreed among ourselves that whoever makes a successful attempt in achieving the objectives of the party will be the one supported by the party. The party is not favoring one over the other.

SUNDAY: How does Butz Aquino stand in the PDP-Laban's plans?

JCJ: We get along fine. Though he doesn't belong to our group, he shares many of our views. We've been trying to invite him but he tells us he will make his decision when the time comes.

SUNDAY: Cory's name has been mentioned several times as another likely presidential bet. Do you think she just might be drafted in the event that the opposition does not put up a united front?

JCJ: (laughs) It's best that she answer that question.

SUNDAY: How do you read the chances of the opposition in the coming elections?

JCJ: The last Batasan elections really helped the opposition a lot because the political exercise became a springboard. If you will analyze the results of the last elections, you will notice that in areas where the opposition fielded candidates prior to the 1984 elections, that is in 1978 and 1980, the opposition did very well. In areas where the opposition failed to put up candidates prior to 1984, that's where we were cheated.

SUNDAY: But the Namfrel had been disbanded by the Comelec.

JCJ: The Namfrel did its work, but it only served as assistance to the people. In any election, it is the people themselves who have to do the work. Now we know better. We know where they can cheat us, how far they can go, and in the next elections we know what to do.

SUNDAY: The KBL is said to have a well-oiled machinery.

JCJ: It doesn't matter. What happened to their well-oiled machinery in Metro Manila where they lost heavily to the opposition?

SUNDAY: What about the PDP-Laban machinery?

JCJ: We are still in the process of growing. In certain regions we are already established. The PDP-Laban does not need too much gasoline for it to run, because we practice participatory democracy. Local leaders select their own leaders. Every member has to undergo a two-day seminar that will make him aware of his rights, privileges and obligations. Once we have established ourselves in a province, gasoline is no longer necessary. The chapter will run by itself.

SUNDAY: So you are not Danding Cojuangco's counterpart as opposition kingmaker?

JCJ: I wouldn't say so. Like I told you I'm just doing my bit. Everybody else is doing something because of what happened to Ninoy. Being his brother-in-law, I can do more and that's exactly what I'm doing. When the time comes and things get back to normal, I will be back to being a private citizen like before. Politics is not my line, and being a kingmaker . . . that's very far removed. I don't have the resources to be one.

SUNDAY: How's your relationship with Danding?

JCJ: We have not been in touch with one another for quite some time now. Years, in fact. Since martial law was declared we saw each other only a few times. One time we saw each other in Australia because that's where I take my vacation. When we see one another, we greet each other.

Actually we ran against each other for a congressional seat in 1965. I won, but I don't think anybody won. It was a waste, a crazy bit of exercise, and when I look back, winning is no longer in my concept of public service. It's what you're in public service for.

SUNDAY: Is PDP-Laban prepared for sudden elections?

JCJ: We are trying to prepare. Our organization is moving. We have very young and new leaders, all very progressive and principled.

SUNDAY: How come there are PDP-Laban members who are also with UNIDO?

JCJ: There's none.

SUNDAY: What about Assemblymen Jaime Ferrer and Antonio Martinez?

JCJ: Ahh, because the two parties coalesced in Metro Manila, but they are full-fledged PDP-Laban members.

SUNDAY: How's your mother?

JCJ: She's fine, she's 83, her health is okay except that she can't hear very well. She is a Sumulong, and she's the politician in the family, not me, not Cory.

CSO: 4200/514

PHILIPPINES

TROOPS FORCE ILOCOS NORTE VILLAGE EVACUATION

Baguio City THE GOLD ORE in English 19 Jan 85 p 10

[Text] Vintar, Ilocos Norte--Residents of sitio Imbucao of this town were forced to evacuate to Mauway, a neighboring sitio last December 24-30, on mere suspicion that they were supporting the NPA, according to victims who sought the assistance of the Task Force Detainees (TFD) office last January 8.

The Imbucao villagers were forced to leave their place after an AFP-NPA encounter in their sitio last December 24. The villagers were suspected as shielding the NPA.

A baby boy, Boy Acasio, one and a half years old, died as a result of the forced evacuation because for two days the evacuees had no regular meals and they were made to sleep in the open fields.

As early as December 16, the villagers were ordered by their barangay captain to move to Mauway but they refused, saying their daily livelihood activities would be disrupted. They then sent a petition-letter to President Marcos seeking his assistance.

On December 31 the villagers sent another petition-letter to President Marcos begging again for his assistance and seeking for justice because aside from the forced evacuation, some 18 men, mostly family heads, were detained for a night and allegedly suffered varying degrees of torture at the Tamdagan Detachment in Vintar. These men were taken by CHDF personnel and soldiers right after the December 24 AFP-NPA encounter.

The 18 were: Jerry Omnes, Duque Agcaoili, Artemio Gudayam, Rogie Butac, Marugay Carlos, Pacifico Carlos, Balbino Sinuleng, Macario Gudayon, Aniceto Agnaoi, Boy Butac, Meddy Acuba, Martin Acasio, Fausto Santa Ana, Delfin Gamyao, George Angaoi, Jose Dumalan and Vicente Ambrocio.

Meanwhile, Candelario Barang, 24, from Dumalneg was reported missing since December 6. He was last seen that day in front of San Isidro Detachment drinking with his friend Boy Suniga, a CHDF personnel, and other military men. Five barrio-mates of his who saw Candelario asked him to with them for they were on their way home to Dumanalneg but he was not permitted by his drinking partners. Until now, there is no news of his whereabouts.

CSO: 4200/514

PHILIPPINES

VERITAS EDITORIAL, CARTOON HITS MARCOS MEDIA, POLITICAL AIDES

Quezon City VERITAS in English 20 Jan 85 p 5

[Editorial: "Disgraceful Displays of Misguided Loyalty"]

[Text]

HUMAN relationships are made beautiful when they are enriched by positive sentiments like love and trust and loyalty. They are debased when ugly emotions like anger and jealousy and mistrust rear their heads.

But even the admirable virtues, when carried to excess, can be destructive. A man who loves a woman to distraction can forget his health, neglect his business and bring ruin upon himself. A parent who dotes on a favorite child does not know it, but he is destroying that child by making him selfish and inconsiderate.

All the foregoing is by way of introduction to an analysis of the relationships that obtain between President Marcos and the members of his official family over the past two decades or so.

We cannot say for certain if there has been love between, say, the President or this or that cabinet minister. We do not know either if the President has reposed full trust in all his subordinates. But this much is clear: there has been considerable loyalty shown by the presidential minions to their lord and master.

This loyalty, so unquestioning that it bordered on obsequiousness, was demonstrated time and again in various KBL caucuses when, to a man, the members present agreed to carry out presidential wishes no matter how dubious they may have been. This same loyalty, so undivided that it smacked of servility, was manifested by a judiciary that gave legitimacy to many questionable martial law pronouncements.

There are indications, fortunately, that these disgraceful displays of misguided loyalty — even at the expense of the common weal — are coming to an end. The Supreme Court, for one, is now issuing verdicts that show a growing determination on its part to become once again what it had always been to the people: the last bulwark of democracy. And individual Batasan members in the ruling party — Foreign Minister Arturo Tolentino, to cite one

example — are daring to deviate from the party line when they perceive that that line militates against the public good.

But, lamentably, there are still many KBL members who seem determined to be loyal to the last, and never mind if the future of the entire country is imperilled and the welfare of the citizenry is jeopardized.

We refer, of course, to those two KBL stalwarts, Information Minister Gregorio Cendana, and Political Affairs Minister Leonardo Perez.

Minister Ceñdana demonstrated his unflagging loyalty to President Marcos — or so he no doubt thought — when, over the weekend, he suspended eight staff members of Channel 4, the government's television station. And what crime did these staffers commit? They were guilty of the unforgivable sin of showing a film clip of the President in a most unflattering, unhealthy light. He was shown with his mouth open, head lolling to one side, being fanned vigorously from behind by an aide.

This was in stark contrast to the systematic campaign of disinformation Mr. Ceñdana has been waging over the past two months, a campaign which insisted that the President had been sick of nothing more serious than a touch of flu. This, despite overwhelming evidence to the contrary.

Mr. Ceñdana's loyalty is most touching. But has it never occurred to him that his loyalty to the President should end where his loyalty to the truth begins? Does it matter to him at all that, as Minister of Information, his primary duty is to recognize that the people have a right to the truth?

Is he not concerned that his personal credibility has reached abysmal depths, and that his latest act in punishing his subordinates for showing the truth may mean the end of his usefulness to the master he has served so long and so loyally? Doesn't it bother him that even his own subordinates are laughing behind his back?

Minister Leonardo Perez, for his part, should be very proud of himself right now. By his consummate subservience to Mr. Marcos, he has set a dangerous precedent that erases all doubts that the Batasan Pambansa is a docile, spineless rubber-stamp.

But let us start from the beginning.

Last Monday, at the resumption of the Batasan session, MP Rogaciano Mercado of Bulacan rose on a question of privilege to express his outrage over President Marcos' remarks that the body had done nothing except become a debating society.

Mr. Perez was hurt to the quick. Dripping with eloquence and bristling with righteous indignation, he assailed MP Mercado for his unmitigated cheek in attacking his idol. And he moved that the entire offending speech be expunged from the record.

The tyranny of numbers did the rest. With the exception of four fool-hardy KBL solons, the majority members hewed to the party line and voted to strike the Mercado philippics from the records. Officially, MP Mercado never uttered a word.

What does this mean? Henceforth, all that Mr. Perez or any KBL man needs to do if an oppositionist says something critical of the government is to move that the remark — or the whole speech — be erased. Considering the mindless way the KBL people have been voting, this could be done without difficulty.

What we would then have would be a legislative record that would be one long paean of praise for Mr. Marcos. And the present opposition would go down in history as faithful representations of the three monkeys who saw nothing, heard nothing and said nothing about the ills of the present dispensation.

Mr. Perez, who served his master so efficiently as chairman of the Comelec, has really done himself proud this time. Surely, he deserves a medal from the President — and derisive hoots from all right-thinking individuals.



CSO: 4200/514

PHILIPPINES

MITRA: KBL CANDIDATES WELCOME IN CONVENOR GROUP

Manila PHILIPPINES DAILY EXPRESS in English 19 Jan 85 pp 1, 3

[Article by David C. Borje]

[Text] The Opposition yesterday redoubled its efforts to broaden its base for the selection of its presidential and vice presidential candidates as it announced even KBL leaders are welcome to join the list of potential presidential standard bearers (PSBs) put up by the Convenor Group (CG).

MPs Ramon V. Mitra Jr (Opposition, Palawan) and Luis Villafuerte (Opposition, Camarines Sur) told the Batasan Press Corps of unification efforts, especially at the grassroots level, in preparation for the 1986 local elections and 1987 presidential poll or even in a snap election in case the President is incapacitated.

Mitra, one of 11 potential PSBs in the CG's list, said he has invited the 10-member Caucus of Independents in the Batasan to join the opposition.

Should the 10 Independent solons join the opposition they will be represented in the CG composed of its three members and the nine signatories to the Declaration of Unity last Dec 26, Mitra said.

He explained there "is no barrier" to any KBL member joining the opposition saying that the CG's list of PSBs is not final.

Villafuerte, spokesman of the National Unification Committee headed by UNIDO President Salvador H. Laurel, said developments in the unification efforts "are very encouraging." He cited the CG's decision to broaden the formula for the selection of the PSBs.

Villafuerte said the NUC, unlike the CG, has no plan of selecting the prospective PSBs. He explained the NUC is more concerned about formalizing a more democratic system of choosing the PSBs where the opposition rank and file are properly represented.

He also said the ruling KBL has its own squabbles, down to the precinct level. He added, however, that these were not publicized.

Both Mitra and Villafuerte also favored a proposal that incumbent elective officials who run for another office shall be considered automatically resigned upon filing a certificate of candidacy.

The proposal, if embodied in the proposed Election Code governing the 1986 local elections and all other elections which is expected to be approved in October in preparation for the coming elections, will check political opportunism.

This means that incumbent Batasan members who are barely six months in office of their six-year term may have to forfeit their Batasan seats once they run for provincial governor or city mayor in the 1986 local elections.

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PHILIPPINES

CHRISTIAN SOCIAL DEMOCRATIC PARTY HITS KALAW BASES STAND

Quezon City ANG PAHAYAGANG MALAYA in English 20 Jan 85 pp 1, 6

[Text] The Christian Social Democratic Party (CSDP) has taken Member of Parliament Eva Kalaw to task for her stand to retain American bases in the Philippines "as a deterrent against communism."

Spokesman Ramon Tagle Jr said that the CSDP fully supports the stand taken by the Convenors Group that all foreign bases in the Philippines must be removed and that no foreign bases will ever again be allowed in the country.

The CSDP position was also made in reaction to another statement attributed to former US Secretary of State Henry Kissinger that ASEAN strongly supports a strong US military presence in the Philippines.

The CSDP said that it was naive for anyone to even think that American bases are here for the protection of the Philippines or, for that matter, of the ASEAN countries.

"American bases are established for no other purpose than to protect American interests and security," the CSDP statement added.

"Moreover," the CSDP continued, "American bases cannot really guarantee our security." "The Vietnam experience is a case in point. With all the bases the Americans had built in South Vietnam as well as the amount of armaments, money and the number of men that the USA sent there, the Americans still suffered the humiliation of losing the only war they have ever lost in their history! South Vietnam itself was overrun by the communists in 1975."

The CSDP stressed, however, that the core issue on the matter of foreign bases in the Philippines is the diminution of Philippine sovereignty over its own territory.

Referring to a study made by former Senator Diokno, the CSDP said that the Tydings-McDuffie Act which was incorporated in its entirety into our 1935 Constitution, provided that the US would not retain any military bases whatsoever in the Philippines but would only keep naval reservations

and refuelling stations--and these, only for two years after Philippine Independence...unless allowed to stay longer by the Philippine government."

According to the CSDP, the Tydings-McDuffie Act also "required the US President to seek the perpetual neutralization of the Philippines as soon as possible after independence." The CSDP said that after the war, the US Congress authorized the US President to acquire military and air bases in the Philippines.

Subsequently, President Truman required President Osmena to sign--as a condition to US assistance or Aid--a preliminary statement of general principles pertaining to the acquisition of American bases in the Philippines which was later superceded by the RP-US Bases Agreement of March 14, 1947.

The 1947 bases agreement was ratified by the Philippine Senate as a treaty but subsequent amendments to it were never submitted to the Senate or the Batasan. Moreover, neither the original bases agreement nor any of the amendments made had ever been submitted to the Filipino people in a plebiscite--though they all violated the terms of the Tydings-McDuffie Act, which was made part of our 1935 Constitution.

"Worst part of it all is that the US government did not even consider the agreement or its amendments a treaty but only as an Executive agreement, the reason they were never submitted to the US Senate for ratification," the CSDP statement continued.

"This is why CSDP joins Senator Lorenzo Tanada in his militant stand that there is no need to present the question of the removal of American bases from Philippine territory to a plebiscite as being advocated by Senator Doy Laurel.

The CSDP concluded by asking all Filipinos to look at the matter of the removal of American bases from the standpoint of Philippine interests, not those of the United States of America.

CSO: 4200/514

PHILIPPINES

NEW PACT WITH PRC CALLS FOR INCREASED TRADE

Manila BULLETIN TODAY in English 19 Jan 85 p 15

[Text] The Philippines and the People's Republic of China signed yesterday a trade protocol calling for increased trade between the two countries for 1985.

The protocol, the eighth to be concluded between the two countries since the establishment of diplomatic relations in 1975, listed down the products up for trading this year totalling an estimated \$400 million.

Jaime C. Gonzales, special assistant to the Minister of Trade and Industry and president of state-owned Philippine International Trading Corp (PTIC), signed for the Philippines while Chen Zhixiao, director of the Ministry of Foreign Economic Relations and Trade, signed for China.

Gonzales said the two-way trade target of \$400 million is an improvement over the performance in 1984 which reached \$285.86 million during the January to October period.

China has agreed to include in this year's protocol new Philippine export items such as phosphatic fertilizer, copper cathodes, bananas, electronic components and chemicals.

The Philippines, according to Gonzales, is projecting to export 15,000 metric tons of copper cathodes, 400,000 metric tons of phosphatic fertilizer and 15,000 metric tons of fruits, mostly bananas. The three products alone are expected to yield foreign exchange receipts of \$100 million.

Gonzales said the Philippines has been pushing hard for the inclusion in the yearly trade protocol of new and non-traditional Philippine export products as the country has consistently suffered from a negative trade balance with China.

CSO: 4200/514

PHILIPPINES

COLUMNIST ANALYZES STABILITY OF EXCHANGE RATE

Manila BULLETIN TODAY in English 19 Jan 85 p 4

[Commentary by Apolonio Batalla: "The Exchange Rate"]

[Text]

THE factors cited to explain the decline in the exchange rate are very short-term in nature, and the bankers are correct in saying that the present rate of below ₱19 does not mean it will not move upward in the near future.

Balikbayan arrivals will taper off, inventories will eventually run low, and portions of the debt will be paid off. These factors will tend to trim supply.

The temporary factors cannot prevail over the biggest factor of them all — the weakness of the economy. In that condition, the general tendency is for demand to exceed the supply of foreign exchange and for the rate to move upward.

What may be considered to be the true value of the peso may be gathered from its values in the few markets where it is traded and not only from its value in the local market.

Few people may want to buy dollars here at present, but it is possible that in Hong Kong hardly any people would like to buy pesos.

One test of the vigor of an economy is the amount of that economy's currency needed by foreigners.

Now and in the near future, the aspiration should not be a too-ambitious goal of inducing large inflows of foreign investors' money, there will be some, but to discourage capital flight, which for several years contributed to the draining of the foreign exchange pool.

And even as more measures are taken to increase export earnings, imports should effectively be controlled, as other countries did when they were building up their economies.

A temptation of long standing is to overvalue the currency. This makes imports cheaper than they ought to be. The regime of cheap imports have lulled the people into a way of life that the true economic circumstances say they do not deserve. That undeserved way of life is presently exacting its costs.

Overvaluation of the currency also dampens exporter enthusiasm, for exporters earn less than what they deserve. The need to export more, much more than what used to be exported, is emphasized by the present crisis.

In regard to the value of the currency, there was a news item recently to the effect that the government had been going after the black-market syndicates.

It is hoped that the lack of activity in the black market is not totally due to the police campaign. The lack of activity ought to be caused by the floating of the exchange rate. If the rate is allowed to float, the black market disappears. If the float is dirty or regulated, the black market will persist and the lull caused by a police campaign will be temporary.

A rate is maintained, under the present circumstances, not by going after the black-marketeers or by a dirty float, but by more fundamental measures.

There cannot be a more fundamental measure than confidence in the government and the economy. If people keep on wor-

rying about the state of the nation, money will find ways of getting out and at the same time it will absolutely refuse to come in of its own volition.

An effective rationalization of importations in keeping with the requirements of the economy is also another fundamental measure of maintaining the rate at some level. The importation of luxury goods at this time will exact a heavy cost from the economy, and so will the smuggling in of various kinds of goods.

All this implies that import control and a free trading in foreign exchange are not necessarily contradictory.

A relatively high exchange rate or what may be considered true value of the currency is not liked by many people because it raises the prices of goods and services and in the short run it does not promise an increase in the purchasing power.

But it is the basis for the alleviation of living conditions. Overvaluation of the currency through any means will worsen the problem.

CSO: 4200/514

PHILIPPINES

WORKERS, LABOR LEADERS URGE GOVERNMENT RENEW SUGAR MONOPOLY

Manila PHILIPPINES DAILY EXPRESS in English 20 Jan 85 pp 1, 3

[Text] Sugar workers and labor leaders yesterday proposed that the government take over again the domestic trading of sugar as a single-trading agency "to save the sugar industry from collapse."

Prudencio Jalandoni, national president of the Bacolod City-based Lakas ng Nagkaisang Manggagawa--PAFLU, said "free enterprise" in sugar trading has only brought more problems in the industry.

Jalandoni said since the time sugar trading was returned to private sugar traders, workers have been getting less pay, instead of getting more benefits, or workers have not been paid or have been dismissed.

Sugar producers could not sell their sugar at a profit, they could not pay their laborers the legal rates, so payrolls are delayed and farm hectarage are reduced, Jalandoni added.

The workers union head said the sugar workers feel that it is time the government should intervene.

Jalandoni also recalled that there was a "historic covenant" signed in the Bacolod City public plaza some time ago, assuring sugar workers that they would be the beneficiaries of high wages, shared profits, free hospitalization and other benefits if sugar trading was placed in the hands of private sugar traders.

Jalandoni said even Mrs Hortencia Starke, president of the National Association of Sugar Planters and sugar producer Corazon Zayco, have agreed "to sit down with labor leaders next week, agreeing in principle to the restoration of the single-setting and-buying agency for the benefit of sugar producers."

The National Sugar Trading Corp., a subsidiary of the Philippine Sugar Commission, had been the single buying agency of the government for the sugar industry until domestic sugar trading became a free enterprise.

Bacolod City--With planters virtually raving all over their quedans with nobody buying them, Negros Occidental residents found their attention focused once more on the problems of sugar.

While critics continued to blast the Philippine Sugar Commission and the National Sugar Trading Corporation, other voices joined the increasing chorus seeking a return to the single-trading concept.

Some planters contended that the low price of domestic sugar was due to Nasutra's dumping of stocks in the local markets.

But the emerging facts seem to confirm that Nasutra contention that the free traders themselves were responsible for the "non-moving" market.

The reason is that many traders, including some sugar mill officials, engaged in speculative buying shortly before the adjustment last year of domestic sugar to P300 per picul.

One major national corporation bought up a big inventory of sugar at P200 anticipating the price hike. When domestic selling price hit P250, it dumped its old stocks into the market, making a major killing.

A sugar central was not so fortunate. It bought some 200,000 piculs, had it refined, shipped to Manila where these are now stored in a north harbor warehouse, each day adding up to the losses of the mill.

Another big Negros Occidental mill had its stocks cornered by one big trader. But, when the prices cascaded, the trader refused to take custody of the remaining stocks which are still lodged in the warehouse of the mill, posing a problem of space for sugar currently being produced.

But the sharpest blast was delivered by the labor front, specifically Prudencio Jalandoni of the Lakas-Paflu.

Once allied with the New Alliance of Sugarcane Producers, Jalandoni and his group inked a covenant publicly with NASP during a demonstration at the Bacolod plaza.

This included the vow by the NASP members that as soon as free trading is restored, this would mean higher minimum wage, increased cost of living allowances and a host of other benefits from more efficient marketing of sugar.

"But the reverse is true. Sugar prices have dropped, and many contend they can no longer pay the basic minimum wage nor sustain the fringe benefits so loudly proclaimed by NASP would accrue to the sugar workers," Jalandoni said.

As a result, the Lakas-Paflu has joined the clamor by some segments of the sugar producer's group for a reactivation of the single-selling agency system under the Nasutra.

And so ended the week with many more labor leaders expressing concern over the collapse of the free trading concept and the harsh reality that while private businessmen are profit-oriented, a government marketing agency focuses more attention on social benefits. (PNA)

CSO: 4200/514

PHILIPPINES

RICE, CORN FARMERS SHIFTING TO MARIJUANA

Manila BULLETIN TODAY in English 20 Jan 85 p 8

[Text]

Many farmers in the countryside have been shifting from planting rice, corn and vegetables to cultivating clandestine marijuana plantations for the past couple of years.

This observation was disclosed yesterday by a ranking Constabulary officer assigned with the Armed Forces Narcotics Command, who said that many farmers in practically all the 73 provinces in the country found raising marijuana plants more profitable than planting rice, corn and assorted vegetables.

From cultivators themselves, this Narcotics officer said, the farmers claimed that there is easy, fast and more money in raising the prohibited grass.

According to the officer, what attracts

the farmers is that a kilo of dried marijuana leaves costs in Metro Manila and "foreign buyers" P2,500 compared to a kilo of rice which costs only more than five pesos, not to mention marijuana flowers which cost very much higher.

Compared to the cost of vegetables, the price of the prohibited grass per kilo highly dwarfs that of vegetables, corn, and the like, Narcotics officer disclosed.

Latest marijuana plantation discovered was in Sinakupan, Tictapul, Zamboanga City, a place least expected to raise the prohibited grass, the Narcotics officer disclosed.

Much earlier, another plantation turned up in Muslim-dominated province of Sulu.

In Sinakupan, Tictapul, Maj. Gen. Josephus Q. Ramas, Army commanding general, reported last week to Lt. Gen. Fidel V. Ramos, acting chief of staff of the Armed Forces, that army troopers uprooted 30,000 marijuana seedlings in an isolated area of barangay Sinakupan.

Ramas said the discovery was made by elements of Home Defense Forces Group (Airborne) and some Civilian Home Defense Force members led by Commander Catalino Quinco.

The troopers, Ramas said, surprised the two caretakers of the plantation — Jakariya Barrahim and Jul Amin — who pointed to a certain Ulkanain Adjurul of Baliwasan Grande as the alleged owner of the marijuana plantation.

CSO: 4200/514

THAILAND

MP CRITICIZES SUPPORT TO CGDK, QUESTIONS F16 PURCHASE

Bangkok SIAM RAT SAPPADA WICHAN in Thai 6 Jan 85 pp 46-47

[Interview with Suphattra Kasemsuk, spokesman for Commission for Foreign Affairs, date and place not specified]

[Text] [Question] What has been the work of the commission over the past 2 years?

[Answer] We have looked at our constitutional powers to see how much the commission has, observed what we can do and assigned Professor Phaitoon [Khreuakeo] to go and talk with the chairman of the House of Representatives. Then we had a joint conference. There has been a proposal that Parliament should be responsible for delegating the work to each commission. But it is only on paper that Parliament controls the government.

During the past 2 years, the commission has examined only one legal issue, namely, the law for changing ASEAN's name. In fact, there were two laws concerning international issues; another one concerned border crossings of criminals, but the Commission of Foreign Affairs did not examine this law. Parliament delegated only one extraordinary issue to us for our examination, so we considered that we examined only one law.

There are many kinds of incidents, but we can't afford to wait for Parliament to delegate them, such as the Indochinese problem. The case of the three villages reached Parliament, but was squelched because of fears that problems might arise.

We have studied the incident of the three villages a lot. The Ministry of Foreign Affairs invited us for a talk, which shows clearly that there is good cooperation and that we agree with the methods by which the Ministry of Foreign Affairs is carrying out the work. New reporters were invited and were asked to curb their violent words, which we think was unproductive. The aim in solving this problem was to quiet things down as much as possible, not to have abusive words.

Because of the incident of the three villages, the commission has requested the Ministry of Foreign Affairs to handle the entire border issue and study

and clarify the facts. The commission thinks that it should not wait until problems arise and then try to solve them. All issues should be studied because the commission has seen the example of the three villages' incident. When the problem arose, then [everybody] ran around to look for proof. Consequently, the entire border [issue] should be studied clearly, so that when there are problems we will have the data on hand.

[Question] Have refugee issues been studied?

[Answer] We have studied a lot of them in many areas, but we didn't go into detail. However, we have studied them in order to solve the entire Indo-chinese problem. To start with, we don't agree with support for the three Khmer groups. If they were united, then there would be no problems. The commission invited high ranking officials of the Ministry of Foreign Affairs for talks. They gave the reason that in their opinion, Vietnam is not sincere in solving the problems. We kind of agree but we don't want the Ministry of Foreign Affairs to confine itself to just that idea. It should look for an opportunity; if it sees that is advantageous, it should use it, such as if Vietnam wishes to negotiate, we should invite them. If they distort it, we should announce it for the whole world to know.

Vietnam has political advantages over us. I went to Australia with Nguyen Co Thach. He talked and the Australians believed him.

We want the Ministry of Foreign Affairs to use more political strategy.

[Question] Have you studied our foreign policies; how are they?

[Answer] Our conduct of foreign affairs is not coherent yet. On the international level, people will listen to the Ministry of Foreign Affairs. In our country, everybody talks and interferes. If our talking agreed, then there would not be any problems. If our words are contradictory on the same issue, then they will lack credibility. These things should not be allowed to happen.

[Question] There have been rumors that the commission has traveled to certain countries that the government does not agree with.

[Answer] We went to these Indochinese countries because we wanted to take a look at some things, and we thought that we could talk in the name of the people. But during that period, there were problems in Indochina. We believed that if we had mutual understanding, then problems would lessen in intensity. We thought that we should meet and look at the real situation to exchange opinions and have talks--which is our job--to see if they were sincere or not. Even though they are good at acting, talking and shaking hands with them should be useful, but the Ministry of Foreign Affairs did not agree.

[When] we visited Laos and Vietnam, the Ministry of Foreign Affairs protested that our group was making the visit to seek votes in the UN. But we felt that we should visit them, so we decided to go. When we went there, our embassies in Laos and Vietnam assisted us well. The visit was worth the investment,

as we talked with them. This might not have pleased the general public, precisely because our belief was that in talking unconditionally we could solve problems.

We agree with the general policy of being friends with every country. The issue on which the commission previously expressed its opinion was that foreign policy increasingly should come from the government. However, the thing that we see now is that it comes from the Security Council, the military and foreign countries.

Ok, you know the problem, but policy should come from the government or at least the government should acknowledge it and be able to carry it out. We have talked to the ministers of political parties so we know that they themselves do not know what our foreign policy consists of. This is very dangerous.

[Question] When the former prime minister (Gen Kriangsak Chamanan) became the chairman of the commission, did it mean anything?

[Answer] It was very meaningful. One part is that we must accept that in international relations, personal relations have importance. If a regular commission goes anywhere, it might not get as much factual [information] as people who have previously known each other, who have seen each others' policies and had close relations.

Similarly, if we had never been in the circles that we have spoken about, we might make mistakes, such as with the F16 issue. A lot of people have sent a lot of confidential documents to the chairman, which he briefed us on. If it were not for him, would we have understood this? We wouldn't have known that the F16 can cause accidents easily, about the cost of maintenance and whether purchasing it was appropriate. We don't have to talk about [the fact] that we don't have the money for it. If we had listened to only one side, we think it would have been the kiss of death if we hadn't had the money. This made us see the other side of the matter and think that we should not buy it.

[Question] Does this Foreign Affairs Commission have problems in holding meeting like the others?

[Answer] It does... Many people joined the commission because they are interested in foreign policy and many because they want to learn, but I believe that many joined because they think they can travel abroad. This type of person will create problems for the commission. They often do not come to the meetings when we go abroad. They don't know the policies of those countries.

I would like to suggest some ideas for each [political] party to think about before they select anyone to join the commission. They should select someone who is really interested in the commission in order to gain personal and common advantage.

[Question] Certain groups in the commission have suggested that those officials who refuse to come to meetings should be pointed out; do you agree?

[Answer] The Foreign Affairs Commission has no problem with this matter. I think that pointing out officials who don't come to meetings depends on the methods of communication. I don't agree with suggestions to punish officials who don't come. Communication is partly based on personal relations. Sometimes they have to drop other important tasks, but the commission cannot do that because if we have meetings and the commission is not complete, the meetings must be changed to internal study sessions.

Whenever the commission problem is solved, then we think about punishing other people. The way to solve the problem is to try to make everyone understand and see the importance of the commission. I have been on several commissions already, and I don't see that there is any problem.

[Question] Has the work summary of this commission come out yet?

[Answer] During the first months of 1985, we will probably have a meeting to summarize the all the results for the first 2 years and to lay out the guidelines for these tasks. I think that we will propose a division of responsibilities by groups. Each group would study an issue. Whoever is interested in an issue would study it in detail. If there are problems, then individuals can come in a present them to the commission.

[Question] Has the chairman of the commission spoken about refugee resettlement policies?

[Answer] He is very angry that aid has decreased. As soon as the commission studied it, it found that the country resettling refugees has internal problems, that refugee quotas must pass Congress for approval.

[Question] How satisfied are you with the performance of the commission?

[Answer] Many people who are closely watching the performance of the Foreign Affairs Commission might think that the commission has not worked as hard as it should. Actually, we have worked on many issues, certain issues that we cannot talk about; if we talk and make just a little mistake or disclose something, it might jeopardize the country if enemies exploit it.

[Question] What are your work principles?

[Answer] One principle in working must be to keep neutral, a second to look after our national interests the best we can. If we don't agree with the policy concerning Indochina, we tell the government. If we agree with the government, like in the issue of the three villages, when we let the government know it can depend on us.

[Question] How does the Chairman work?

[Answer] He works hard. I have accompanied him abroad. I know that he prepares himself a lot and seems to be tense when he is going to give a talk. He says that the facts must be ready so the talks come out right.

THAILAND

WEAPONS PROCUREMENT, FMS PROBLEMS DISCUSSED

Bangkok WIWAT in Thai 5-11 Jan 85 pp 21-23

[Article: "The Face of New Government Arms Merchants"]

[Text] "Loxley got only 5 percent commission from selling a 737 jet to the Air Force, but it was worth a full 15 million [baht]. Even though Boeing was contacted directly, it still considers Loxley to be its consultant."

"If the Air Force buys F16's, Dr Omsin will receive a consultant's fee of between 600-1,000 million baht from McDonnell Douglas, even though General Athit has announced that it will be purchased through a FMS system."

These remarks during consultations with weapons distributors abroad seem to be very good answers as to why the arms sales business is such an attractive occupation and so challenging to the abilities of many people and companies that are increasingly trying to grab this kind of business.

Arms Merchants of 1985

There are nearly 50 arms merchandising firms in Thailand at present. Calling them merchants does not see too accurate now when the distributor system has been changed to only to domestic consulting firms [branches] of overseas parent companies. This way, the parent companies abroad do not have to spend any money in Thailand at all. If there are any sales between the military and an arms company abroad, even though the firm in Thailand was not contacted or the sale was done with the military contacting the arms manufacturing company directly, the manufacturing company will pay a sales commission averaging 5 to 10 percent to the local firm, which is a considerable amount of revenue.

To bring up an obvious example, take the Bell Company with Commercial Associates Company of Mr Naowarat Phattanadom as its consulting firm for the company's helicopter business in Thailand. Therefore, for this type of domestic sale of helicopters--regardless if Mr Naowarat is the broker or not--Bell will give a commission based on the price every time there is a domestic sale. This kind of business operation makes [it possible for] the overseas manufacturer not to need to spend any money in Thailand at all.

Who Speculates

Formerly, there were rumors that there were "three tigers" in arms trading circles, namely, Naowarat for the army, Ital Thai for the navy and Nithi Phatana for the Air Force. However, at present, a gap has developed, namely, Nithi Phatana, which formerly was able to control the Air Force, has not been successful in competing for business. It has had contract problems with many government bodies. The latest problem was with the Ministry of Communications recently.

Many people are aiming to enter through this gap at the Air Force to have roles. Right now, an assistant chief of staff of the Air Force is trying to do something which is interesting to watch.

Among the current nearly 50 domestic arms trade business consulting firms, only three to four firms are considered to be really major ones, such as Mr Naowarat Phattanadom's Commercial Associates firm, which has monopolized helicopter distribution to the army, navy, air force and the Police Department for a long 20 years and also is the distributor of F-27 Folker planes to the navy, Chart to the army and BVD and V-150 tanks to the army, air force and the Police Department, Exocet rockets to the navy, etc....

The two companies, Ital Thai Marine Ltd and Ital Thai Electronics and Equipment, of Dr Chaiyut Karnasut monopolize the selling of military equipment to the navy for domestically built ships, as well as Harpoon rockets and various communications equipment. In addition to these two companies, there are small companies that sell certain odds and ends to official bodies, such R Schaller, Sino-Brit, etc....

Between the two major companies, Commercial Associates seems to be continuously increasing its influence. Naowarat's current solid connections with powerful big shots in the navy are enabling him to begin to have an increasingly bigger role, so that he was able to win the recent bidding for the sale of Stringer rockets from England.

Among the arms trade consulting firms in Thailand, Mr Naowarat's style is a clear cut winner over those of his competitors. We often see pictures of him appearing at religious ceremonies, birthday parties, celebrations of the formation of every government working unit and also in pictures of military officers departing on observation trips. These factors are leading his company to be the most important in the business.

What more is the military going to buy these days?

The army seems to be the armed force with the single most objectives of purchasing arms, starting with:

1. Eight .40 mm antiaircraft guns;
2. Four sets of Find Catcher controls;

3. A project for improving M41 tanks by replacing their engines and machine gun nests, including the control and the communications systems, at a cost one-third of that for brand new tanks;
4. 100 medium-sized tanks to replace M48A5's that are not operating efficiently;
5. 4,000 medium-sized trucks.

The Air Force seems to have a bigger project than the army, but it is not certain that it will materialize considering the economic problems that Thailand is now experiencing. They are:

1. One squadron of F16 fighter jets;
2. A satellite communications system;
3. Anti-aircraft guns and fire control systems.

As for the navy, it has plans that it is speculated must wait for a while, namely, one project to purchase deep water ships.

Problems of the Armed Forces in Purchasing Arms

The idea of a continuous and progressive expansion of the armed forces inevitably will make the budget high for arms procurement, and the arms trade business will prosper indefinitely, also, although the armed forces is trying to organize arms purchases in stages for strict and careful inspection. For example, the purchase of new types of arms for the army must undergo the detailed scrutiny of the army's Military Equipment Improvement and Standards Commission, which Lt Gen Chuthai Saengthavip, deputy chief of staff of the army chairs, and bring these purchase requests for the consideration of the Military Equipment Standards Review Commission, which Gen Banchob Boonnak chairs. After the Logistics Department has presented this matter to the army's Arms Research and Development Office, the army considers it. In the same fashion, the navy and the air force have their own separate chiefs-of-staff as the central principals for considering their arms procurement.

But the problems that arise in purchasing arms are usually different from those of review standards, which regularly arise from the influence of officers in a particular armed force. For example, the purchase of helicopters from the Bell Company instead of the one planned from Sikorski, which created a lot of dissatisfaction right up to the "top level." In addition, the air force is going to look for antiaircraft guns which are a different type of fire control system than that used in the army and navy, which has made arms standards differ, etc.... All these things have happened because of influential people in the armed forces.

There is also a problem if we talk about the cost, namely, the purchase of expensive military material. This is usually cited as a FMS-type purchase, which is a United States military aid project, so the price should be cheaper.

But, in fact, that type of purchase does not stop the merchants of consulting firms in Thailand from getting their share of the commission. Those merchants or consulting firms still have their same share of the commission.

The dirty aspects of this business are considered to be a problem for the armed forces because this type of business seems to have many competitive methods. There are many methods, starting from proposals to the military to go for demonstrations abroad, such as when SK-105 tanks were brought for demonstrations. If there is the merest modification, the arms will be brought into the country. The firm will hire officers in the unit that wants that particular weapon to do the testing, such as for one brand of tank, soldiers were hired to do the testing for 3 million baht. In addition to getting the money, these officers were also able to give scores based on their satisfaction. These types of sales approaches are abundant, and it depends on which one you want to use.

Therefore, the single problem of the consulting firms in Thailand taking advantage [in the arms trade] itself doesn't seem to be too major compared [that of] obtaining good quality goods at reasonable prices. The problem is, what is the armed forces going to do about this matter in the future?

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CSO: 4207/115

INTERNATIONAL RELATIONS, TRADE AND AID

REPORT OF BAI BANG WORKING CONDITIONS STIRS DEBATE IN SWEDEN

Forced Labor, Miserable Wages Cited

Stockholm DAGENS NYHETER in Swedish 30 Jan 85 p 6

[Article by Peter Bratt: "Alerting Report Shakes Sida; Bai Bang Workers Live Unbearable Lives"]

[Text] The forest workers at the Bai Bang project live under intolerable conditions; they have been brought to the forest against their will and despite the risk of being punished with rehabilitation camps, one out of every seven workers escapes.

This comes from a new report, whose results are causing Sida's [Swedish International Development Authority] leadership to hesitate before continuing its participation.

Three-fourths of the forest workers are women. Many have been forced to leave children and husbands. They are allowed to go home only 10 to 12 days a year. There is no light and sometimes no soap or soft soap for washing.

The women lack opportunities for making sanitary napkins--which they otherwise make from washable mosquito netting--and therefore cannot work in the forest for several days each month. They have no shoes and are consequently attacked by leeches. During the cold season there are no blankets.

Miserable Wages

One out of 10 workers lacks a mosquito net to sleep under, which causes malaria. The small children are poorly attended, which prevents the mothers from working.

Ninety percent have intestinal parasites, half have malaria and are anemic. The wages are miserable and calculated in such a complicated way that no one knows what the labor is worth. In order to survive, the forest workers can only work half a day for the state. The remainder of the time is used for growing rice, vegetables and raising pigs and chickens and chopping wood for themselves.

Large segments of the forest which should have become pulp in Bai Bang is misappropriated, because the workers live under such difficult conditions.

Nearly all have been torn away from their villages and live in great isolation in the jungle. Most of the women are unmarried and the isolation and their lowly status dooms them to remain unmarried and childless.

Many were lured to the forest with false promises. Of those who arrive, only 0.7 percent succeed in getting transferred.

Escaping means high additional costs not only for the deserter but for his or her family as well. In spite of that, more than 1,000 workers out of a total of 6,500 people escaped in 1 year.

Foreign Minister Lennart Bodstrom took this report with him when he visited Vietnam at the beginning of the month. The report was worked out after being commission by Sida by the two very experienced consultants Katarina Larsson and Lars-Erik Birkegard. Katarina Larsson lived for 4 months together with the workers in five of the forest brigades studied.

Bai Bang was formally opened in November 1982. One of the participants from Sweden was Minister Roine Carlsson. At a press conference in Hanoi he was asked the question of whether the workers for the forest portion of the project were recruited voluntarily.

'Internal Matter'

"We have no reason to take a stand on how the Vietnamese solve the problem of recruiting labor. This is an internal Vietnamese matter," Roine Carlsson replied.

Six months later Minister Carlsson told the Constitutional Committee that he had been misquoted but that he had not taken the trouble to deny it. There is nothing indicating that forced labor occurs in the forest work, Roine Carlsson said. An audio tape of the press conference later showed that the quotation--reproduced by DAGENS NYHETER on 29 November 1982-- was correct and that Carlsson's denial was incorrect.

'Took up the Issue'

Sida chief Anders Forsse said in 1983 that "if Sida discovered that forced labor is involved, we would not participate." By forced labor he meant punishment if people ran away or if anyone watched over them with weapons or whips. Nothing indicated this during that time, in his opinion. Sida would in any event react against conditions similar to forced labor.

What does Anders Forsse say today, then? Does the new report show that the workers who are occupied with cutting wood as raw material for the paper mill live under conditions similar to forced labor?

"Unfortunately, the report does point in that direction. Through the foreign minister we have taken up the matter with the highest leadership. We have demanded other forms of recruitment, some kind of more liberal agreement."

"We must get the Vietnamese to improve labor conditions in the forest. If we do not succeed, I find it difficult to see how we could continue to the present extent," Sida chief Anders Forsse says.

The present agreement regarding the Vinh Phu project expires on 30 May this year. Today's report therefore concerns only the forest portion of the project, not the pulp factory in Bai Bang, which functions better than calculated.

Aerial Pictures

Before a new agreement, the Vietnamese must come up with a better planning foundation than up to now. They must also release aerial photos for forest inventory, which they previously promised to do, but so far have not done.

In several places at Sida great hesitation can be noted today over continuing support for the forest cutting portion of the project, even [illegible] if the working conditions there are improved.

Swedish Reporter on Scene

Stockholm DAGENS NYHETER in Swedish 31 Jan 85 p 8

[Article by Fredrik Roos: "Forest Work Is not Appealing"]

[Text] Bai Bang, Jan--"The forest brigades are having problems with newcomers, who run away home during the first few years." This is related by assistant director Thinh at the Vietnamese coordination bureau for forestry which is part of the Sida-supported paper mill in Bai Bang.

"Yes, it is one of the difficulties," agrees brigade leader Duc at 9-year-old Forest Cutting Brigade Number One in the Bac Quang district 180 kilometers of hopelessly rutted roads north of the paper mill.

Here, far from the central government in Hanoi, Vietnamese and Swedish relief workers are living with the major unresolved question: how is the plant ever going to function, if the workers are not allowed to live a tolerable life?

Sida has undertaken a study regarding the conditions in the forest, where 17,000 people work in order to supply Bai Bang with raw materials. The study was made public on Wednesday.

The publication was preceded by arguments within the relief organization about how suitably to present the material in the middle of a flare-up in the Swedish Vietnam debate. The reason is easily understood. Any solutions to

the problems are not evident, for here the rational Swedish economic view is openly and nakedly pitted against a communist planned economy.

The Swedes would use 180 men for a correspondingly large paper mill for work in the forest. Here there are 17,000, and even with the major differences in the developing country 5,000 men would be sufficient, if they were only paid three times better.

"Production would immediately skyrocket," says one of the most informed officials of the paper mill.

Unmotivated

The truly great problem is that no one has enough motivation to work in the forest. Those who have been allocated a life here far from their home village and family are without roots. The wages are not enough by far, so the free time is devoted to growing one's own vegetables, selling wood from the forest for fuel, cooking rice, taking care of the clothes, sewing and mending until one collapses on the rickety cot in the room with many beds.

Brigade Number One is located more beautifully than most of the others, on a hill with a view over a small cultivated valley, where vegetables can be bought from an agricultural cooperative.

One hundred and one wood cutters, 60 of whom are women, live here. In other brigades 80 out of 100 workers may be women.

Since the brigade is a few years old, there are 36 families with a total of 70 children.

"When a woman bears a child, she has no financial support. She must out in the forest immediately, unless she has seen to it that she has saved some money," states brigade leader Duc under his bangs in a dark-blue cap with a visor.

Takes Care of Oneself

It is the day before New Year's eve in the Vietnamese moon year, which nowadays comes more than a month before the Chinese. At that time the annual gifts are distributed to everyone by the forest administration. The young girls' eyes glow when they get a bicycle tire, an inner tube, a bottle of strong wine, a package of cigarettes and rice for the holiday.

"We save nothing as a group in the brigade. Everyone takes care of herself. One worker has bought a radio, but it is already broken," the brigade leader relates.

Ten of the workers have been permitted to go home to their village during the New Year's holiday.



Vietnam's vast forests have long since been used up and the new growth has to compete with corn stalks and dry rice. Little kids roam around chopping down stalks for fun with huge knives and it all looks like a forest grower's nightmare. But the really big problem in Bai Bang is that no one is interested working in the forest.

"We choose someone who has not been home for a long time, someone who is a diligent worker and someone who has a social reason--a sick mother or a wedding to go to."

The one who goes must pay for it herself.

"I have been home 2 days in 2 years," explains a 20-year-old girl with a 400 kilometer-long way to travel.

Does not Like It There

In this brigade the workers come from 11 different provinces.

"Whoever doesn't like it here can ask for permission to leave. Four have submitted requests for transfer, four wish to continue studying."

Well then, how many have been approved? Is it worth trying?

"So far no one has had it granted," declares the brigade leader, who once a week gathers the members and is responsible for political indoctrination. We are sitting in the visitor's room drinking tea, looking at the many red pennants with yellow text which give evidence of good contributions over the years.

The Song Con river is 4 kilometers away, where the workers have been allowed to grow their own crops.

Life in the forest is considerably worse than in the mill town of Bai Bang, where the factory is also disrupted by the poor conditions. Employees of the plant must go home and wade in the rice fields, look after their pig and other things, which require an extra day of work each day in order to survive.

What happens to the 18-year-old who runs away as soon as she has saved enough for the bus fare home?

"We notify the home village; there she is taken into custody and is instructed in the importance of everyone doing their duty, and then we make another attempt," explains director Thinh at Bac Yen United Forest Industries.

The situation in Bai Bang and in the forest is not unusual in Vietnam. For years people have had to submit to being moved where society considers them most needed. What is new is that the government has decided to proceed even more strictly and punish those who do not obey an order to move by suspending ration coupons and other privileges given.

In Hanoi the problem is greatest in the north. The young, well-educated Vietnamese in the capital wriggle out of the straightjacket, start a store or business of their own and get a license for it. Professionally trained people have greater freedom of choice.

But the large population groups, and primarily the girls, must see their youth pass them by without living out their romantic dreams.

A strong cutting knife quickly makes the hands calloused in the dense bamboo forests, the faces age and the contributions of their own lives become an invisible figure in the activity of the Bai Bang plant.

The workers' existence at the Swedish-supported paper mill has attracted more and more attention the closer it gets to the day when Vietnam will take over the operation on its own.

"It is necessary for conditions in the forest to improve," says director Thinh indicating a newly established forest planting brigade whose long, walled building glows deep down in a valley, and he adds: "It will take time."

"We must get better housing. That is completely decisive," say brigade leader Duc as we peek into the drafty, cold and dark, naked rooms of the unmarried girls' barracks.

"Sometimes I marvel at how the plant is doing in view of the miserable conditions of the workers. One thing is clear: Bai Bang's future depends on whether they can become motivated and feel that they are improving their lot through their contributions," says one of the higher Swedish officials at the mill.

Forced labor in the forest, someone says. A piece of Vietnam, most sum it up.

Reforestation Program Encountering Obstacles

Stockholm DAGENS NYHETER in Swedish 31 Jan 85 p 8

[Article by Fredrik Roos: "The Factory Functions But ... Lack of Forest Serious Threat"]

[Text] No paper without forest. This is a truth which those responsible for the Swedish relief project in Bai Bang have had reason to contemplate more than once in recent years.

Forest chief Petter Otterstedt points to newly planted forests on hills near Bai Bang. Below, the deciduous trees have been stripped for fuel. Further up, cattle go around munching and trampling the stands.

Competition for the ground is obvious for miles around the paper mill. The promised enormous forests have long since been cut down, and the new stands are fighting against corn crops and dry rice planted by hungry Vietnamese. Small boys roam about cutting with gigantic knives, and the whole thing looks like a forest-grower's nightmare.

Certainly, there are promising eucalyptus groves, small healthy tropical pines which have had their soil aerated and fertilized according to all the rules of the game. There are fast-growing deciduous trees--storax and manglchia--here as well, although the experienced eye sees constant problems.

Local manager Jorgen Overgaard at the Swedish forest and road-building camp in Ham Yen 110 kilometers north of Bai Bang accompanies me to a few demonstration hills selected by the Vietnamese. In one place the homes have appropriated the easily gotten wood for fuel, cows and goats are wandering around happily and a shepherd boy explains that he has no idea who owns the animals.

Exhausted

The soils have become exhausted after thousands of years of cultivation. The hills are what remains since erosion has swallowed the earth layers. The specialists are convinced that the preconditions nevertheless are good. Seeing the luxuriant growth in gardens that have been fertilized for several generations is enough.

The earlier planting of pines came to nothing during the 1970's; the forests which would have formed new green belts around the factory became just dried-up pine tufts. Partly, it takes long time to learn how to grow things in nurseries and partly the planting was mismanaged. The Swedes were also not allowed to follow the work.

In 1981 and 1982 all interest was concentrated to the factory, which had not yet started up; a political nightmare for friends of foreign aid. A single forester remained in place. Then the alarm went: The forest will become a catastrophe, unless a major effort is made. Since about 2 years ago a genuine shakeup has taken place and at the same time the problems are beginning to acquire contours.

On 1 July 1990 all Swedes are to be gone from Bai Bang, but the foresters will remain for another 5 years and perhaps even longer.

"What is difficult now was impossible 10 years ago," in the opinion of Petter Otterstedt, who sees a new desire on the part of Vietnam to develop forestry.

Majestic

Further north, where new forest roads have been constructed, truly majestic forest areas can be found. The Vietnamese originator, vice director Thinh at the coordination bureau for the forestry in the area, has reason to look proud when he casts his eyes over square kilometers of deciduous forest. But the forest road runs much too high along the side of a mountain, it is insufficiently drained and runs the risk of being washed away during the rainy season. Yet another road must be built in the valley.

The large bamboo forests which are difficult to cut are reached over cleared paths up to 1,500 meters from a road. A water buffalo has time to pull 1 ton timber a day in three batches over such a distance.

Despite the long experience in Vietnam, the Swedes still do not know what the forest stand looks like over the entire area. The aerial photography which Sweden has paid for has only been seen in portions by the relief workers. The issue is sensitive for the Vietnamese, since the pictures involve the border region with China, where military installations are dense.

Bureaucracy

A great deal of this type of major and minor problems have occurred during the course of the years. The Bai Bang project hopes to circumvent the slow-moving bureaucracy by getting permission for the plant to form a coordinated enterprise for factory and forest with far-reaching independence. It would have a favorable effect on the whole activity and be able to benefit the workers. This is the idea of the Swedish leadership.

"The lack of raw materials could have a restrictive influence in the long run," declares present managing director Sigvard Bahrke. He himself has been able to see the paper mill straighten out and maintain a reasonable production level during the latter part of 1984.

When the paper mill is gradually eliminated as a Swedish relief project over the next 5 years, it is ironical to know that the factory is operating at the same time as the raw material may not be present in sufficient quantity.

For there was no limit to the government's hurry to break ground for the paper mill in a proud political gesture at the height of raging war more than 10 years ago. Finnish consultant Jaako Poyry caused trouble by decisively warning against building the mill before taking a thorough inventory of the forest. That inventory has not yet been completed.

Production Nevertheless 'Better Than Expected'

Stockholm DAGENS NYHETER in Swedish 31 Jan 85 p 8

[Article by Peter Bratt: "Better Than Before"]

[Text] Five hundred million Swedish kronor will be required over the next 5 years in order for Vinh Phu (Bai Bang) to be able to stand on its own feet and be operated entirely by Vietnamese work leaders.

At present the production is doing better than expected.

Yesterday a previously secret report on the insufferable conditions of the largely female work force at the forest portion of the Vinh Phu project was published.

On the other hand, the labor at the Bai Bang paper mill has seen considerable improvement in their conditions. The production of paper pulp and paper has never proceeded as well as now, other reports say.

Vinh Phu is the name of the province within which the entire project is located. It consists partly of the paper mill in Bai Bang, where in addition to a pulp factory there is also a stone crushing plant, a concrete station, workshops, a power plant, a water purification plant and a factory for the production of acetylene gas.

There are also forest plantings, nurseries, roads and floating stations under construction in the province. The forest where the raw material for the paper mill is cut extends for 100 kilometers northward.

The industrial part of Bai Bang came first and was begun in 1974. Today there are about 2,600 employees here, 34 percent of whom are women. Fresh reports show that the living conditions of the labor force have gradually improved and that today people are considerably better motivated than a few years ago.

A majority of the women are of the opinion that they live a better life today than before they came to Bai Bang. Bonus and wage systems have been improved.

So far the project has cost about 2 billion Swedish kronor. The prerequisite in order for the project's expenses and income to balance is that Bai Bang will reach half capacity by 1989.

The result for 1984 was 18,000 tons of paper and 20,000 tons of bleached pulp. This is the equivalent of 23 percent of full capacity. In 1982 the production was only 10,000 tons of paper.

The report published yesterday refers to conditions in the forest section. Forced direction of labor is nothing unusual in Vietnam. The delta region around the Red River in northern Vietnam is heavily overpopulated. The forest at Vinh Phu cannot be cut without labor.

At a stage when there is finally light at the end of the tunnel for the industrial portion of the Vinh Phu project, the report on the situation of the forest workers therefore comes at a particularly bad time.

Without timber the plant cannot be operated in a sensible manner. But in order to produce the timber, political and social changes are necessary.

Sacrifice

The fact that the workers in the forest at Vinh Phu are treated so badly by the Forest Ministry is explained in the following manner in the report:

"Vietnam has lived with war for the last 40 years. Loss of life and property and the lack of economic development has demanded tremendous sacrifices from the inhabitants. Many problems have become structural."

"The organization of people and economy, as well as the manner of governing has been affected by the wartime efforts for such a long time, that a readjustment to peaceful conditions has become a major problem. The striking

abuse of the forest workers reflects at least some of this lacking capacity for civilian readjustment."

Nonsocialists Would End Aid

Stockholm DAGENS NYHETER in Swedish 30 Jan 85 p 8

[Article by Kaa Eneberg: "Political Struggle About Aid to Vietnam"]

[Text] A plan for the gradual elimination of the Swedish aid to Vietnam will in all likelihood be included even in the budget proposal for the next fiscal year, if the nonsocialists win the election this fall.

This is what the Liberal Party's foreign aid expert Jan-Erik Wikstrom tells DAGENS NYHETER.

Only a small group of Social Democrats with Hans Goran Franck at the head and the Left Party-Communists (VPK) oppose the government's desire to cut back the aid to Vietnam. In this year's torrent of bills all of the nonsocialist parties have demanded a gradual abolition of support for Vietnam with the explanation that the Vietnamese have invaded and wage war against neighboring Cambodia.

To the Social Democrats who criticized the nonsocialist governments' cutbacks of this aid, the Vietnam aid, above all, is a sensitive chapter. A large group including among others MP Stig Alemyr, a member of the relief organization Sida's executive board, is in favor of gradual reduction.

The Conservatives have firmly demanded of the nonsocialists that they endorse a halt to the flow of funds to Vietnam. The Liberal Party has submitted a bill for cutbacks under organized forms. The Center Party's Sture Korpas, also a member of the Sida board, submits the concrete proposal for an abolition plan in next year's budget proposal. Either Parliament can charge the sitting government with working out such a plan, or the nonsocialists can submit one by themselves in the event of an election victory.

All of the nonsocialist parties also want to cut aid to Vietnam even this year.

Hans Goran Franck, who has succeeded in getting four Social Democratic MP's to back his appeal for Vietnam, points out that a cutback in the aid will lead to an isolation of Vietnam and increased dependence on East-bloc states, which is not desirable.

Since the Social Democratic introducers of the bill can scarcely act against the government proposal of only 300 million kronor to Vietnam, it is instead proposed that the government should augment it and be generous with emergency relief to the country, which is fighting against major difficulties. The previous amount of aid was 365 million kronor.

The VPK says in its bill that the government's cutback of Vietnam aid is "a concession to the forces, inside and outside Sweden, who want to punish Vietnam."

The VPK is also the only party demanding that Cuba should again be included among the recipients of aid. Cuba was excluded in 1975 in order to stress the Cuban involvement with soldiers in Angola.

Foreign Minister Attacked in Riksdag

Stockholm DAGENS NYHETER in Swedish 1 Feb 85 p 8

[Article by Kaa Eneberg: "Bodstrom Asked to Comment in Parliament; Savage Vietnam Debate"]

[Text] It was in a savage tone and atmosphere that Foreign Minister Lennart Bodstrom on Thursday had to endure his first parliamentary debate about the aid to Vietnam, after his return from Southeast Asia.

"Just like a declaration of war," was the description of Liberal Party MP Jan-Erik Wikstrom of Bodstrom's reply to the chamber. It consisted of 10 typewritten lines compiled by an expert.

Also enraged by the debate and Bodstrom's behavior was Center Party MP Sture Korpas. He told DAGENS NYHETER after the debate:

"I was rendered speechless by the fact that Bodstrom refused to answer our questions. After all, throughout the years I have had long discussions and found him to be a conciliatory man. I just don't understand this."

The debate was to center on the fact that the administration has used 70 million kronor of the Vietnam aid, a total of 365 million kronor, for paying the country's debts to Swedish companies, as some sort of import subsidy.

Not Negative

"This is the first time this has been done, even though Sida opposed it," Wikstrom said during the debate.

Bodstrom replied that he had not interpreted Sida's answer as negative. He also referred to the circumstance that both Korpas and Wikstrom are members of Sida's executive board. The 70 million were mentioned in the annual report, Bodstrom said.

The current Vietnam debate was not mentioned on Thursday, but both Wikstrom and Korpas tell DAGENS NYHETER that as members of Sida's board they will demand that the forced recruitment of labor to the forest project in Bai Bang should cease.

This will become the hot issue in March when the executive board takes a stand on the material available before the new 2-year agreement to be signed. If Sweden does not receive any guarantees concerning the labor, the nonsocialists will oppose a new agreement.

It is not only the administration's actions regarding Vietnam which have angered the opposition. Both Korpas and Wikstrom find it unsatisfactory that they were not informed of the forced recruitment of women to the forest work until Sida held a press conference on the report. Korpas knew nothing of the matter until he read the morning paper on Tuesday.

Gradual Cutback

Both the Center Party and the Liberal Party are intent on a gradual cutback of aid to Vietnam under organized forms. The Conservatives demand an immediate abolition.

"It is not only the Vietnamese invasion of Cambodia which justifies a halt. New factors such as forced labor and the lack of forest are making our participation difficult," Korpas says to DAGENS NYHETER.

Korpas recounts that in January 1974 he participated in his first meeting of the board of Sida, when it made the decision for the entire Bai Bang project.

"At that time I thought I could not vote against in order not to disavow my predecessor on the board, but I greatly questioned the decision," he says.

"And then the Sida chief at that time, Ernst Michanek, explained that in fact no one liked the project but that it had already been decided on the political level."

Aid Program Reevaluated

Stockholm DAGENS NYHETER in Swedish 2 Feb 85 p 8

[Article by Kaa Eneberg: "Support for Vietnam Divides Parliament"]

[Text] The Swedish government will pose tough demands on Vietnam for improved working conditions for the female forest workers in Bai Bang. A reorganization of the system will be made a condition for continued contributions to the relief project.

This was the decision given by Foreign Minister Lennart Bodstrom after a 2-hour debate on Swedish aid to Vietnam in Parliament on Monday.

The debate focused on the controversial report from the relief organization Sida, in which the difficult working conditions of the female labor force were described. The report has contributed to the fact that the nonsocialist

parties in Parliament are not forming a front for abolition of support for Vietnam.

All of the nonsocialist representatives also used the term slave labor for the conditions which reign primarily at the forest project in connection with the Bai Bang paper mill.

Bodstrom pointed out that the authors of the report themselves described the term slave labor as incorrect. He said that it is more important for Sida to act in order to accomplish the recommendations for improvements to the project proposed by the authors than for Sweden's parliament to be quarreling.

Among the proposals made by Bodstrom which can be implemented are an expanded piecework system, 5-year contracts instead of lifetime contracts, annual vacations, wages on which the workers can live, as well as improved social conditions regarding child care, housing, clothes etc.

Conservative Margareta af Ugglas, who has included criticism primarily of Bai Bang in her parliamentary work for the last 10 years, declared in an emotional address, that "Sweden's parliament cannot pass funds that go for slave labor." Center Party member Par Granstedt called Bodstrom's criticism of Vietnam--both the occupation of Cambodia and the internal conditions of the country--vague and cold-hearted.

Bodstrom assured him that during his recent visit he had had tough criticism of both the occupation of the neighboring country and the poor working conditions, aimed both at the Vietnamese government leadership and to the leaders of Bai Bang.

His fellow party member Hans Goran Franck gave evidence that Amnesty International has reported progress in the work for political prisoners in Vietnam thanks to the efforts of the Swedish government.

Franck also pleaded for increase relief efforts for Vietnam, instead of the cutback introduced in the administration's budget proposal.

This was also what Left Party-Communist vice chairman Bertil Mabrink did, as he expressed great indignation over what he called a broad nonsocialist campaign against Vietnam.

"An election is again approaching, and then it is suitable to use a poor country as a punching bag in a Swedish election campaign," Mabrink said and called for the same strict criteria for other countries receiving aid.

'Silence'

"What do you say about the tremendous attacks on the female Tamil tea pickers in Sri Lanka, which we support, about 16 million children doing forced labor up to 15 hours a day in India, also a recipient of aid, or about oppression of

women in Bangladesh or last year's massacre in Kenya? On that you keep quiet."

"The debate concerns Vietnam and then we stick to that country without roaming around the world," replied Liberal Rune Angstrom, who was of the opinion that it is time to start cutting back aid to Vietnam. This can take place in 2 years, Angstrom believed.

"In the choice between the carrot and the whip we regard the carrot as the most valuable means to accomplish improvements. That could not have a disturbing effect on the Swedish desire for giving aid," Bodstrom said.

He did point out, however, that this relief item had been eliminated from this year's budget and that the cutback could continue "at the rate Vietnam improves its own production capability."

Ten years after independence Vietnam is still one of the world's poorest nations. The country is financially dependent on the Soviet Union, has few contacts with the West and has never received the wartime reparations in the amount of billions from the United States which had been negotiated.

"Sweden is serving as a window for Vietnam toward the Western world. Our policy serves humanitarian purposes but also to create peace for a people which has experienced horrible abuses, difficult to described," Bodstrom said.

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